

RHODE ISLAND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY *2005 Annual Report*



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RHODE ISLAND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY *2005 Annual Report*



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The Annual Report was presented to all three units of the Rhode Island Comprehensive Economic Development Strategy (CEDS) Committee (see Attachment 1 for membership). It was approved by the State Planning Council on September 8, 2005.

(Cover art and graphic above courtesy of Apple Computer.)

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INTRODUCTION

This document is the *2005 Comprehensive Economic Development Strategy (CEDS) Annual Report* for the State of Rhode Island. It was prepared in accordance with the guidelines issued by the U.S. Economic Development Administration (EDA). The *Annual Report* includes the Rhode Island Priority Project List for 2005, and draws upon what was initially reported in the most recent *CEDS Update*, dated December 2002.

ORGANIZING AND STAFFING FOR ECONOMIC DEVELOPMENT: THE CEDS COMMITTEE

The CEDS Committee

Rhode Island is a statewide Economic Development District and, as such, prepares a statewide CEDS every year. Rhode Island's CEDS Committee is composed of three tiers. In descending order, they are the State Planning Council, the Planning Council's Technical Committee, and the CEDS Subcommittee. Membership on the CEDS Subcommittee is voluntary but must be approved by the Technical Committee and the Planning Council. It includes members of the Technical Committee with an interest in economic development and practitioners invited from outside.

The State Planning Council, initially called the Policy Committee, was established on December 20, 1963. It was established by statute in 1978. It is charged with developing and maintaining a State Guide Plan as the basic guide for the state's long-term physical, economic, and social development.

The State Planning Council was designated the Overall Economic Development Program (OEDP) Committee on April 29, 1971. When the Comprehensive Economic Development Strategy replaced the OEDP, the Planning Council formally became the CEDS Committee for Rhode Island, with advice and other support from the Technical Committee and the CEDS Subcommittee.

The Statewide Planning Program within the Department of Administration provides staff support to all three tiers of the CEDS Committee. Statewide Planning is composed of five major sections: Economic Development, Land Use, Transportation, Comprehensive Plans, and Planning Information and Support. Sections are responsible for the preparation and amendment of elements of the State Guide Plan that fall within their areas of expertise. For example, the Economic Development Planning Section has developed the *Economic Development Policies and Plan*, *Industrial Land Use Plan*, *Rhode Island Energy Plan* (with the State Energy Office), *State Rail Plan*, and the Narragansett Bay

Comprehensive Conservation and Management Plan (with the Narragansett Bay Project).

Primary responsibility for the CEDS resides within the Economic Development Planning Section, which solicits and scores project proposals and drafts updates and amendments to the CEDS whenever necessary. These are submitted for adoption to the CEDS Committee – first to the CEDS Subcommittee, then to the Technical Committee, and then to the State Planning Council. Project proposals considered for inclusion in the CEDS are reviewed for consistency with the State Guide Plan by all sections of Statewide Planning before they are forwarded for action to the CEDS Committee.

Membership of the CEDS Committee in 2005

State Planning Council members are appointed in a manner consistent with Subsection 42-11-10(d) of the Rhode Island General Laws of 1956, as amended. The Council is comprised of the Governor, five state officials (one from the Governor's staff, three from the Department of Administration, and the Chair of the Housing Resources Commission); three local officials; the executive director of the R.I. League of Cities and Towns; three public members; a representative of a local community development corporation; and an advisory member from the federal government.

Section 42-11-10(e)(5) of the R.I. General Laws requires the State Planning Council to appoint a permanent advisory committee comprised of officials of all levels of government and public members from different geographic areas of the state who represent diverse interests. The Technical Committee performs this function. Like the Planning Council, the Technical Committee meets monthly and is advised by Statewide Planning staff on all aspects of its work, including technical studies, rulemaking, and amendments or additions to the State Guide Plan. With respect to the CEDS, it is the responsibility of the Technical Committee to review the priority project rating system annually and approve new projects as candidates for EDA funding, subject to final action by the Planning Council: the Priority Project List.

Every year, the Statewide Planning staff recruits individuals representing different interest groups from within and outside the Technical Committee for a CEDS Subcommittee to help score current CEDS project proposals and to revise scoring criteria, if necessary, for the following year's solicitation. The CEDS Subcommittee is not authorized by statute, but was created specially for the CEDS as a means of involving economic development specialists who were not represented on either the Planning Council or the Technical Committee.

The interests represented by members of the Planning Council, Technical Committee, and CEDS Subcommittee are wide and diverse. They include public leadership (state and local officials), economic and business development

organizations (the Greater Providence Chamber of Commerce, Grow Smart Rhode Island, and the R.I. Economic Development Corporation), the employment and training sector (the R.I. Manufacturing Extension Service), community organizations (the Urban League, South Providence Development Corporation, and Progreso Latino), academia (Brown University), and professional organizations (the American Planning Association).

Membership on the Planning Council, Technical Committee and CEDS Subcommittee is given in the listing in Attachment 1.

ECONOMIC CONDITIONS: WHERE ARE WE NOW?

Rhode Island's Economy in 2004-05

For a complete analysis of the Rhode Island economy, refer to the *5 Year Update, Rhode Island Comprehensive Economic Development Strategy*, December 2002. This Annual Report summarizes the trends evident since the *Update* was published.

In spite of the past year's growth in financial services, professional and business services, and education and health services, Rhode Island's economy remains largely dependent on industries that have been described as "mature," "insular," and "low tech." Rhode Island's personal income grew 6.3 percent during this period, but this rate trailed the nation and most of the rest of New England (Aghdasi et al., 2005).

The affordability of housing continues as a major economic development issue. While production wages in Rhode Island remain the lowest in the region, the median sales price of an existing home in the Providence metro area has risen to over \$275,000 – ironically, among the highest in the region. The cost of housing is having a chilling effect on the recruitment and retention of workers, including native Rhode Islanders.

On the other hand, housing in Rhode Island is still cheaper than in the Boston metro area. People who work in Massachusetts can easily reside in Rhode Island and commute across state lines, benefiting from the comparatively lower housing prices but ultimately driving up housing costs with their demand and higher salaries. Some policymakers have suggested mitigating this by subsidizing affordable housing in Rhode Island with a commuter tax.

To deal with the apparent shortage in affordable housing, the R.I. General Assembly passed legislation mandating affordability by requiring each municipality to accommodate low and moderate income housing at a minimum of 10% of its total housing stock. This threshold was to be reached over a reasonable amount of time as determined community by community, based on

growth rates, degree of build-out and other factors. Most of the older central cities, e.g., Providence and Woonsocket, already exceeded the threshold; it presented a challenge, however, to more affluent suburban or rural communities.

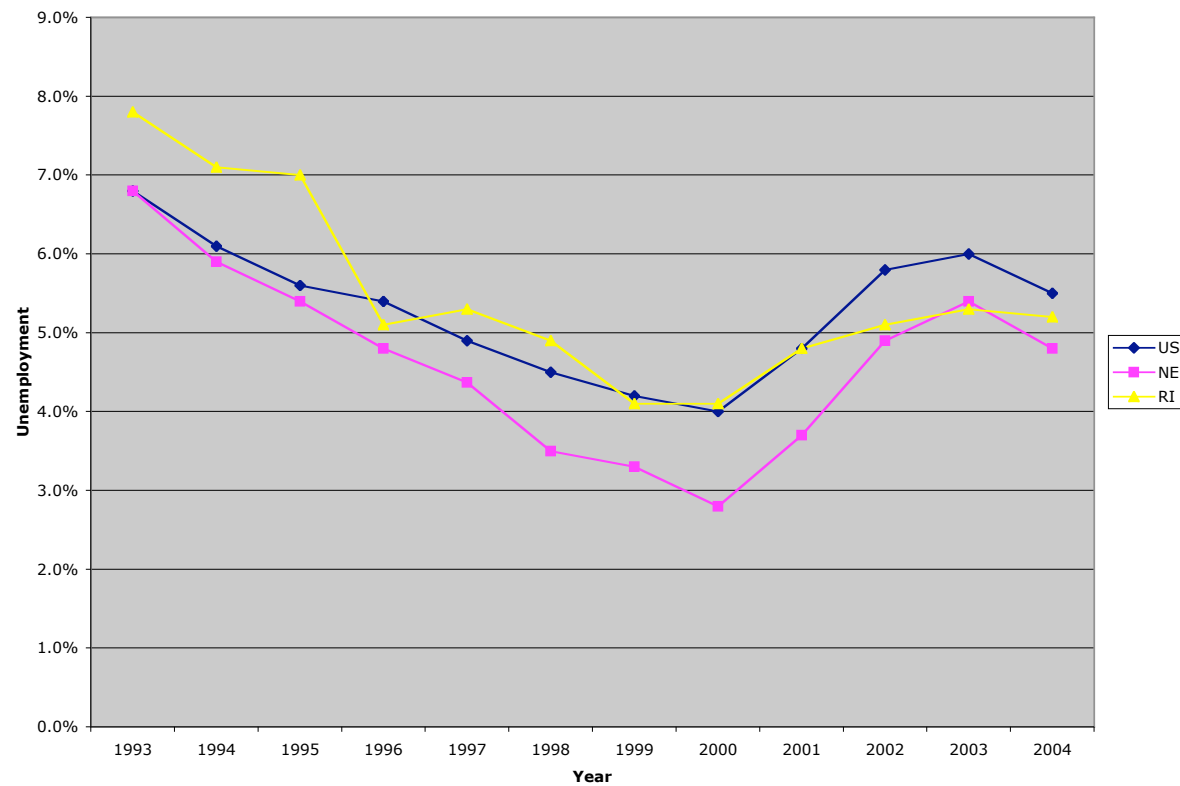
The new law required local planners to draft amendments to their comprehensive plans to show how the mandate would be implemented. All of the municipalities have complied, and the amendments are now under review at Statewide Planning and the R.I. Housing and Mortgage Finance Corporation. To date (September 2005), 22 have been approved. In addition, the law granted the Chairperson of the R.I. Housing Resources Commission and a representative of a nonprofit community or housing development organization membership on the State Planning Council (the CEDS Committee).

The legislation also tasked the Housing Resources Commission, in conjunction with the Statewide Planning Program, with developing a five-year strategic plan for housing, to be adopted as an element of the State Guide Plan. The *Strategic Housing Plan* will build on the work of the local Affordable Housing Plans and will include quantified goals, implementation activities, and standards for the production and/or rehabilitation of year-round housing to meet the housing needs of the state. The Commission will advise the State Planning Council on the development of guidelines for higher density housing development in the state, utilizing tools such as inclusionary zoning and mixed-use development. The Commission is expected to approve a draft *Strategic Housing Plan* for presentation to the State Planning Council at its December 2005 meeting. The statutory deadline for the development of the *Plan* is July 1, 2006.

Unemployment in Rhode Island averaged 5.2% in 2004, down 0.2% from 2003. This compared to a national average of 5.5%, and a New England average of 4.8%. Connecticut and Massachusetts unemployment averaged 4.9% and 5.1%, down 0.6% and 0.7%, respectively, from 2003 (Federal Reserve Bank of Boston, 2005). Figure 1 compares unemployment figures for Rhode Island, New England, and the nation as a whole in the period 1993-2004.

While the decrease in unemployment from 2003 to 2004 was not as great as in neighboring states, Rhode Island did add 4,100 private and public sector jobs, with nonfarm employers reporting an estimated 488,400 jobs (RI Dept. of Labor and Training, 2005a). Job growth was limited to service-providing industries, with natural resources/mining and construction remaining flat, manufacturing decreasing by 1,800, and government decreasing by 400. Employment in the private sector represented 86.5% of the state's covered employment, up 0.2% from last year.

Figure 1
COMPARISON OF U.S., NEW ENGLAND, AND RHODE ISLAND UNEMPLOYMENT RATES



Source: Federal Reserve Bank of Boston (2005)

The latest decline in Rhode Island manufacturing jobs continues a trend, with about 25,700 lost since 1994 (Figure 2) – a 31.1% decline in total. The services sector continues to grow and absorb some of these losses, though the services sector often does not provide a high-wage alternative to manufacturing for blue-collar workers. That notwithstanding, manufacturing still plays a significant role in the Rhode Island economy. It is the third largest employment sector, ranking behind only health care/social assistance and government among major industry divisions, at 56,900 jobs (RI Dept. of Labor and Training, 2005a).

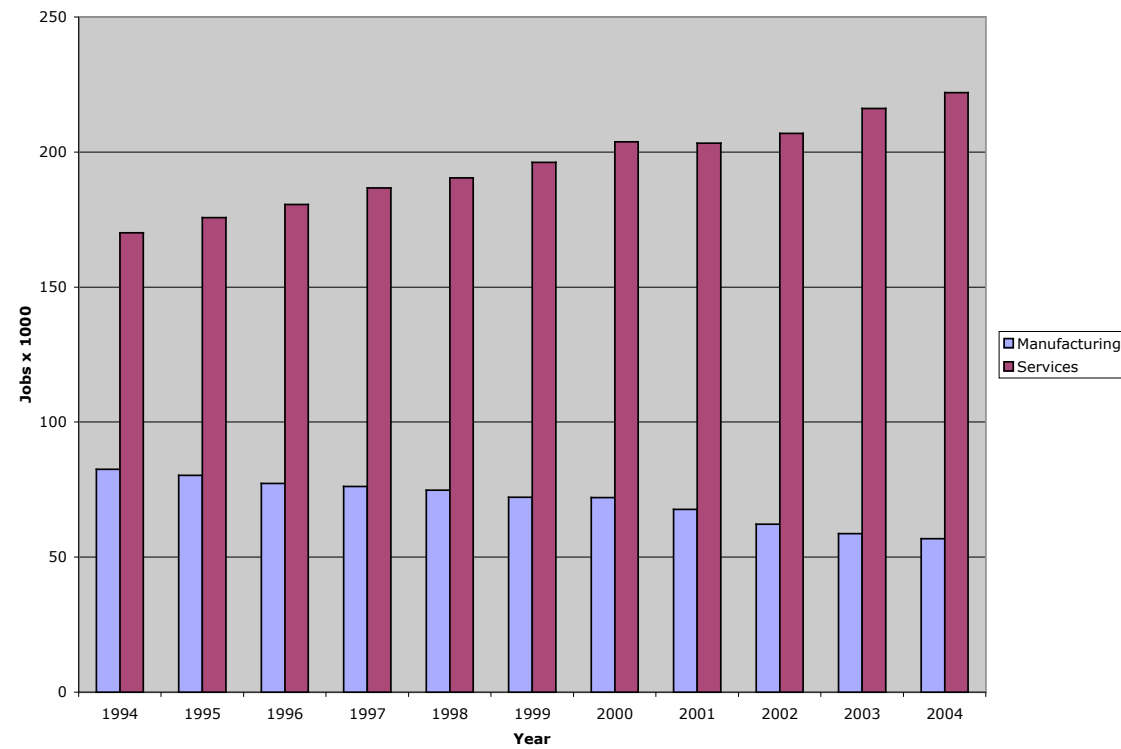
(Note: To allow comparison of 2003 and 2004 to historical data based on Standard Industrial Classification codes and groups, the following industrial sectors, although now considered in the “service-providing” group, have been excluded from the Figure 2 data as “services”: wholesale trade, retail trade, transportation/warehousing/utilities, financial activities, and government.)

Health care and social assistance employed 71,600 Rhode Islanders in 2004, and reported the second strongest job growth (+1,200, or 1.7%) among the 16 North American Industrial Classification System (NAICS) sectors. The second largest sector, government, accounted for 65,800 jobs but registered a decrease from 2003 (-400, or 0.6%). Other gainers included administrative and waste services (25,200 jobs, +2,300), accommodation and food services (42,600 jobs, +900), professional and technical services (20,000 jobs, +700), educational services (21,200 jobs, +600), financial activities (34,200 jobs, +500), and other services (23,200 jobs, +200) (R.I. Dept. of Labor and Training, 2005a).

Construction, one of 2003’s star sectors for growth, was flat in 2004. An estimated 20,800 people were employed in construction last year. Also unchanged from 2003 was natural resources and mining, which accounted for 200 jobs last year. Losses were recorded in information (-100), trade (-300), transportation, warehousing and utilities (-400) and, as mentioned above, government (-400). The decline in transportation, warehousing and utilities was a 3.6% loss, second percentage-wise only to the decline in manufacturing (-3.1%) (RI Dept. of Labor and Training, 2005a).

Two aspects of manufacturing in Rhode Island fascinate analysts. First, as already mentioned, many sectors are composed of low-value-added industries that are highly vulnerable to foreign competition and typically bleed jobs every year. On the other hand, other sectors are highly innovative, satisfy niche markets, and have strong potential for growth in the next several years.

Figure 2
NAICS ESTABLISHMENT EMPLOYMENT: MANUFACTURING vs. SERVICES



Source: RI Dept. of Labor and Training (2005a)

An example of the former is miscellaneous manufacturing, NAICS code 339, which lost 400 jobs from May 2004 to May 2005, including 300 in jewelry and silverware companies. Projections (RI Department of Labor and Training, 2005b) anticipate a decline in this industry group of more than 3,000 jobs in the ten-year period 2002-2012 (-24.8%). This compares to declines in fabricated metal products manufacturing (-20.3%), plastics and rubber products manufacturing (-24.6%), textile product mills (-24.9%), primary metal manufacturing (-27.2%), leather and allied product manufacturing (-30.2%), and apparel manufacturing (-52.6%). However, in the same ten-year period, chemical manufacturing is expected to add nearly 1,700 jobs (+46.7%). Much of this employment could come from marine biomedical products that are expected to reach the market within the next several years, perhaps at a research and manufacturing facility at the Quonset Business Park.

Moreover, even in the declining sectors, there are companies that have assessed the situation and “re-invented” themselves as true innovators. As RIEDC Executive Director Michael McMahon and Rhode Island industrialist John Hazen White, Jr., observed in an article posted this May, for these firms “technological innovation and world-class worker training” are key, along with “staying competitive [by] rethinking their business strategies, and reorienting their companies for a changing environment.” They cite the example of Concordia Manufacturing in Coventry, RI:

Concordia Manufacturing, which engages in custom conversion of synthetic continuous-filament yarns for a range of high value applications, used to be a traditional textile company; like most of them, it was losing ground to cheaper production overseas. The company therefore put its energy and expertise into the production of specialty textile products used by the medical industry. The collaboration with the biomedical sector has resulted in a greater focus on R&D, a more highly trained workforce, a healthier bottom line, and increased hiring (McMahon and White, 2005).

McMahon and White concluded that companies should align themselves with “progressive manufacturers” who have embraced innovative methods and technologies and serve actively as mentors to others.

One important example of this is the recent partnership between the R.I. Manufacturing Extension Service (RIMES) and the Town of Smithfield targeting local and regional precious metal machine shops, jewelry and various metal fabricators. A recipient of EDA funding, the Smithfield/RIMES partnership aims to increase company productivity and profitability, provide more value-added employment opportunities, and strengthen the town’s manufacturing base. The partnership is providing technical assistance that includes problem

solving and training, facility and production design, and marketing and management (Town of Smithfield, Rhode Island, 2003).

Concurrent with this is the effort called “the Manufacturing Summit,” a collaboration of several manufacturers, including Mr. White, hoping to reverse the decline in manufacturing in Rhode Island. Recently the Summit introduced its Innovation Assessment Audit, designed to analyze a firm’s organizational structure, product lines, and present strengths and weaknesses in terms of new products and markets. Once the audit is completed, the firm could use the information to develop a new marketing program for its products. It could also count on follow-up support for implementation from the Summit’s Innovation Advisory Council. Partnering with the manufacturers in the Summit are RIMES, the R.I. Export Assistance Center, and the Slater Center for Design and Manufacturing. The Greater Providence Chamber of Commerce and the Center for Design and Business are also involved (Flynn, 2005).

The RIEDC has targeted industrial products and manufacturing as a potentially high-performing cluster, noting that Rhode Island companies turn out world-class, competitive products such as robotics, instrumentation, electronic components, and high-tolerance plastic components representing state-of-the-art technologies. Among these companies are American Power Conversion, GTECH, Electric Boat, Raytheon Systems Company, Teknor Apex, Taco, Toray Plastics (America), Hexagon, and Uvex Safety Manufacturing.

The Rhode Island economy still relies heavily on tourism – a sector vulnerable to regional economic downturns, high gasoline prices and the fear of terrorism, and characterized by seasonal, low-wage jobs. Hospitality and leisure industries have been responsible for one quarter of Rhode Island's job gains over the past decade, and nearly one third of the gains over the past couple of years. This contrasts to only 13% nationally. Some analysts suggest that the growth of this sector is not a weakness but a positive development, that the impact of higher gasoline prices and other disruptive factors is overstated, and that the regional economy is improving, boding well for tourism's place in the state economy (Somes, 2004). Many also see tourism as a way to advertise Rhode Island's quality of life, which studies show can be a determinant in firm, executive and worker relocation. Local practitioners, quite aware of tourism’s positives and negatives, are looking to develop attractions that will bring in people year-round and spin off higher-paying jobs in related industries.

In 2004, components of the leisure and hospitality sector supporting tourism reported mixed results: while there was an increase of 900 jobs in accommodation and food services, there was no growth in arts, entertainment and recreation. These two groups reported the lowest annual wages, \$14,473 and \$20,063 respectively, of the 16 industry sectors in Rhode Island. (In 2004, the private sector annual average wage was \$35,959; in 2003, \$34,860.) In

fact, the annual average wage in arts, entertainment and recreation decreased by 2.4% from the previous year (R.I. Dept. of Labor and Training, 2005c).

Estimates of net migration over recent years and into the future continue to be revised and show a dramatic downward trend, essentially flattening before the end of the decade (Table 1).

Table 1
RHODE ISLAND NET MIGRATION (000), 1998-2009 (Est.)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.3	6.7	7.9	6.2	7.1	5.7	2.2	3.0	2.4	1.8	0.2	0.2

Source: Economy.com, Inc. (2005)

“Net migration from within the U.S. has been overwhelmingly negative over the past 15 years,” according to Purba Mukerji of Economy.com. “Migration into Rhode Island from abroad has been an important element in population growth.” Without migration from abroad, the state’s population would be decreasing, not increasing (Economy.com, 2005).

Migration from abroad is exacerbating the shortage of skilled labor in Rhode Island. There is a continuing need for training and educational programs for Rhode Island workers, from basics such as English as a Second Language to advanced applications of computer skills. That this need is met is crucial for Rhode Island’s future, so that companies do not have to leave the state to find their workers.

Rhode Island’s economy remains heavily dependent on defense-related activity in spite of attempts at technology transfer and diversification. Defense contractors large and small generally pay well, but are vulnerable to policy decisions at the federal level over which they have no control – such as the scheduling of military base realignments and closings (BRACs). At this writing, the state stands to gain a few hundred jobs from personnel redeployments in the current round of BRACs. However, the closure of Naval Submarine Base New London in nearby Groton, CT, would be certain to have economic ramifications in the southern part of the state.

Major Employers

Health care, financial activities, and retail trade dominate the list of the top non-government employers in Rhode Island (Table 2). The largest private

employer in the state is Lifespan, a hospital corporation, with 11,110 jobs. The largest manufacturing concerns in the state are General Dynamics Corporation's Electric Boat (EB) Division, with 2,075 jobs, and Raytheon Electronic Systems, with 1,749 jobs (*Providence Business News*, 2005).

General Dynamics/EB constructs nuclear submarines and employs workers in two locations, North Kingstown (at Quonset) and Middletown. An additional 572 Rhode Islanders work at EB's facility in Groton, CT (RI Economic Development Corp., 2002). The threat of closure of the New London submarine base has prompted much speculation about EB's future there and at Quonset, and the fear of losing hundreds of high-paying manufacturing jobs.

Raytheon Electronic Systems is Rhode Island's second major defense contractor. In 2003, Raytheon secured a \$15.3 million contract to develop missile defense systems for the U.S. Navy (Resende, 2003). In addition, a number of contractors and subcontractors work on projects with the Naval

Table 2
RHODE ISLAND'S TOP PRIVATE EMPLOYERS

Lifespan Corporation	11,110
Care New England Health System	5,858
Diocese of Providence	5,630
CVS Corporation	5,183
Citizens Financial Group, Inc.	4,984
Stop & Shop, Inc.	4,555
Brown University	4,450
Bank of America (formerly FleetBoston)	3,636
Shaw's Supermarkets, Inc.	2,260
MetLife/MetLife Auto & Home	2,150
General Dynamics Corp. (Electric Boat)	2,075
St. Joseph Health Services of Rhode Island	1,926
Wal-Mart	1,875
Jan Companies	1,840
Raytheon Electronic Systems	1,749
McDonald's Corp.	1,685
Memorial Hospital of Rhode Island	1,653
Fidelity Investments	1,600
Amica Mutual Insurance Co.	1,581

Source: *Providence Business News* (2005). As a list of private employers, this excludes units of government, such as the U.S. Navy, State of Rhode Island, and the City of Providence, which are also major employers.

Undersea Warfare Center (NUWC), which is affiliated with the Navy. NUWC itself has 2,824 employees (Economy.com, 2005), but is not listed in Table 2 because of its government status.

NUWC's presence in Rhode Island with Electric Boat and Raytheon underscores the importance of the defense/homeland security cluster in the state. According to the industry advocacy group SENEDIA (the Southeastern New England Defense-Industry Alliance), 7,692 military and civilian personnel employed by the U.S. Department of Defense, 6,293 people in "defense-dependent" employment (with more than 50% of revenues coming from defense work), and 1,727 people in "defense-related" employment (with at least 10% but no more than 50% of revenues coming from defense work) (Ninigret Partners, LLC, 2003).

Manufacturing employment in Rhode Island, though its numbers are declining, is still above the national average, accounting for 11.7% of total employment in the state compared to 10.9% nationally (Economy.com, 2005). The greatest concentration was in durable goods, such as miscellaneous manufacturing (10,300 workers), fabricated metal product manufacturing (750), and computer and electronic product manufacturing (480) (RI Dept. of Labor and Training, 2005c).

Although wages have been rising, Rhode Island continues to have the lowest average hourly earnings among manufacturing production workers in New England (Table 3), and the gap is widening. In 2004, the Rhode Island rate was \$3.11 lower than the New England average, and \$3.86 and \$5.32 lower, respectively, than its neighbors, Massachusetts and Connecticut. In March 2005, Rhode Island workers received \$4.23 less per hour than the regionwide rate, \$4.65 less per hour than their counterparts in Massachusetts, and \$5.94 less per hour than those in Connecticut (Federal Reserve Bank of Boston, 2005).

Table 3
AVERAGE HOURLY EARNINGS, MANUFACTURING PRODUCTION WORKERS

Year	U.S.	New England	CT	ME	MA	NH	RI	VT
2000	14.38	14.56	15.69	14.28	14.65	13.41	12.18	14.22
2001	14.76	15.34	16.42	14.72	15.76	13.98	12.68	14.18
2002	15.29	15.87	17.24	15.55	16.25	14.21	12.75	14.34
2003	15.74	16.27	17.75	16.28	16.53	14.85	12.88	14.54
2004	16.14	16.72	18.35	16.96	16.89	15.48	13.03	14.60

Source: Federal Reserve Bank of Boston (2005)

Last year's *Annual Report* predicted that with the major construction projects of the 1990s completed – e.g., the Providence Place Mall, Waterplace Park in Providence and Fidelity Investments in Smithfield – plus a softer regional economy, “some contraction” of the construction industry would occur. That apparently happened. There was no appreciable growth in construction employment in 2004. However, about 700 jobs have been added since then, partly accounted for by two new projects in Providence: the gutting of the old Masonic Temple and its restoration as a new hotel, and the construction of a new corporate headquarters for the GTECH Corporation. As of May 2005, construction supported 21,500 direct jobs in Rhode Island, up from 2004's total of 20,800 (RI Dept. of Labor and Training, 2005c).

Rhode Island's unemployment rate decreased slightly in 2004, from 5.4% to 5.2%, but this was still higher than the New England rate and, as usual, the highest in the region (Table 4). Unemployment trended lower beginning in July 2004, reaching 4.5% by March 2005. The March figure compared to a regional rate of 4.7%, and a rate of 4.9% in both Massachusetts and Connecticut (Federal Reserve Bank of Boston, 2005).

Table 4
UNEMPLOYMENT RATE (%)

	U.S.	New England	CT	ME	MA	NH	RI	VT
2002	5.8	4.8	4.4	4.4	5.3	4.5	5.1	4.0
2003	6.0	5.4	5.5	5.0	5.8	4.5	5.4	4.5
2004	5.5	4.8	4.9	4.6	5.1	3.8	5.2	3.7
Jul04	5.5	4.9	4.8	4.5	5.1	3.8	5.1	3.5
Sep04	5.4	4.6	4.7	4.7	4.9	3.5	5.0	3.5
Nov04	5.4	4.4	4.6	4.6	4.8	3.4	4.8	3.6
Jan05	5.2	4.5	4.7	4.4	4.8	3.4	4.4	3.5
Mar05	5.2	4.7	4.9	4.7	4.9	3.7	4.5	3.4

Source: Federal Reserve Bank of Boston (2005)

Table 5 shows Rhode Island's expansions and contractions in the major industry groups compared to other states in the region. Half the states experienced declines in the manufacturing and information sectors, but all had growth in construction and leisure and hospitality. Other positives for Rhode Island were financial activities, professional and business services, education and health services, other services, and government. Rhode Island was the only state with a decline in trade (Economy.com, 2005).

Table 5
APRIL 2005 EMPLOYMENT GROWTH (% Change from April 2004)

	CT	ME	MA	NH	RI	VT
Total	+1.3	+0.8	+0.6	+1.5	+1.2	+1.3
Construction	+7.4	+1.0	+3.1	+3.5	+0.8	+4.2
Manufacturing	+0.8	-0.8	-0.4	+1.4	-2.0	+1.5
Trade	+2.0	+0.9	+0.4	+1.7	-1.0	+1.0
Transp./Utilities	+2.5	+0.4	-1.2	-0.1	-5.0	-0.1
Information	+0.6	+3.3	-3.4	+2.9	-2.8	-2.1
Financial Activities	+0.5	-1.8	-0.4	+4.1	+3.5	+2.8
Prof. & Business Svcs.	+0.7	-0.1	+2.4	-2.0	+4.9	+0.8
Edu. & Health Svcs.	+1.5	+2.3	+1.0	+2.0	+2.8	+2.4
Leisure & Hospitality	+2.0	+2.5	+3.3	+4.3	+3.9	+1.7
Other Services	+1.3	+0.2	-0.6	-2.9	+0.6	-2.0
Government	0.0	+0.3	-0.5	+0.7	+0.3	+1.0

Source: Economy.com, Inc. (2005)

Unemployment and Per Capita Income

Unemployment figures from the five cities and towns represented on this year's CEDS Priority Project List are given in Table 6, second page following, which covers the most recent 24-month period for which data are available (June 2003 to May 2005). One of these communities – Central Falls – has an average unemployment rate nearly two percentage points greater than the national average for the same period.

Another economic indicator worth watching is per capita income, particularly when it falls below the national average. Sixty-eight U.S. Census tracts in Rhode Island, located in 14 communities, have a per capita income 80% or less the U.S. per capita income (2000), \$22,199 (U.S. Census Bureau, 2002). As Table 7 (second page following) indicates, both urban and suburban communities are affected, including those that did not experience high unemployment in the last 24 months relative to the state or national average.

ECONOMIC DEVELOPMENT ACTIVITIES IN 2005

Since they were first identified in Statewide Planning's *Economic Development Strategy* (1986), four of Rhode Island's critical needs have been cited repeatedly in our strategy *Updates* and *Annual Reports*:

Table 6
UNEMPLOYMENT RATES IN CEDS PROJECT MUNICIPALITIES
(NOT SEASONALLY ADJUSTED)

	Jun '04	Jul '04	Aug '04	Sep '04	Oct '04	Nov '04	Dec '04	Jan '05	Feb '05	Mar '05	Apr '05	May '05	24-mo. avg.
Central Falls	7.9	7.7	6.4	6.2	5.7	5.8	6.3	8.1	7.3	7.4	6.7	6.3	7.5
E. Providence	5.8	5.6	5.2	4.8	4.5	4.5	4.6	6.0	5.6	5.7	4.8	4.4	5.4
N. Kingstown	4.4	3.8	3.6	3.2	3.3	3.3	3.5	4.8	4.5	4.4	3.9	3.6	3.9
Pawtucket	6.5	6.5	5.8	5.3	5.0	4.8	5.1	6.5	6.1	6.0	5.5	5.1	6.1
Providence	6.8	7.2	6.4	5.6	5.3	5.1	5.1	6.4	5.8	5.9	5.9	5.4	6.2
Rhode Island	5.4	5.4	4.9	4.4	4.2	4.1	4.2	5.6	5.3	5.3	4.6	4.1	5.1
U.S.	5.8	5.7	5.4	5.1	5.1	5.2	5.1	5.7	5.8	5.4	4.9	4.9	5.6
	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03	Nov '03	Dec '03	Jan '04	Feb '04	Mar '04	Apr '04	May '04	
Central Falls	8.7	8.7	8.2	7.6	7.5	8.2	7.3	10.0	8.7	9.2	7.3	7.8	
E. Providence	5.9	5.5	5.6	5.1	4.8	5.5	5.4	7.3	6.5	6.5	5.3	5.4	
N. Kingstown	4.2	3.9	4.1	3.8	3.7	4.2	3.8	5.4	4.8	5.0	3.9	4.2	
Pawtucket	7.0	7.1	6.7	6.3	6.5	6.9	6.2	8.2	7.4	7.3	6.1	6.5	
Providence	7.5	7.2	6.8	6.0	5.9	6.2	5.5	7.8	6.8	7.0	5.9	6.4	
Rhode Island	5.7	5.6	5.4	4.8	4.8	5.2	4.9	6.2	6.2	6.0	5.4	5.3	
U.S.	6.5	6.3	6.0	5.8	5.6	5.6	5.4	6.3	6.0	6.0	5.4	5.3	

Source: RI Dept. of Labor and Training (2005d)

Table 7
PER CAPITA INCOME LESS THAN OR EQUAL TO 80% NATIONAL AVERAGE
BY RHODE ISLAND CENSUS TRACT
(2000 Census)

MCD	Tract	\$PCI	% U.S. PCI		MCD	Tract	\$PCI	% U.S. PCI
Providence	1.01	10,098	45		Smithfield	126.01	16,363	74
Providence	1.02	15,448	70		Cranston	136	17,497	79
Providence	3	11,727	53		Cranston	141	15,927	72
Providence	4	10,173	46		Cranston	142	11,843	53
Providence	5	11,022	50		Cranston	147	16,805	76
Providence	6	8,498	38		Pawtucket	150	17,303	78
Providence	7	8,957	40		Pawtucket	151	9,291	42
Providence	8	6,875	31		Pawtucket	152	12,560	57
Providence	10	10,480	47		Pawtucket	153	11,915	54
Providence	11	11,938	54		Pawtucket	154	14,013	63
Providence	12	15,506	70		Pawtucket	155	15,289	69
Providence	13	9,169	41		Pawtucket	156	15,700	71
Providence	14	11,118	50		Pawtucket	159	17,036	77
Providence	15	7,926	36		Pawtucket	160	17,300	78
Providence	16	15,839	71		Pawtucket	161	13,155	59
Providence	17	10,470	47		Pawtucket	164	13,169	59
Providence	18	12,194	55		Pawtucket	166	14,597	66
Providence	19	12,356	56		Pawtucket	167	14,940	67
Providence	20	9,226	42		Pawtucket	171	16,812	76
Providence	21	12,001	54		Woonsocket	174	11,695	53
Providence	22	14,150	64		Woonsocket	176	13,405	60
Providence	23	10,392	47		Woonsocket	178	15,390	69
Providence	26	10,269	46		Woonsocket	179	17,291	78
Providence	27	10,479	47		Woonsocket	180	13,421	60
Providence	28	9,191	41		Woonsocket	181	13,420	60
Providence	29	13,537	61		Woonsocket	182	14,440	65
Providence	30	14,328	65		Woonsocket	183	13,055	59
Providence	36.02	14,949	67		W. Warwick	203	16,339	74
Central Falls	108	9,948	45		Warwick	217	17,694	80
Central Falls	109	11,243	51		Bristol	307	15,987	72
Central Falls	110	11,401	51		Bristol	308	16,396	74
Central Falls	111	10,485	47		Middletown	402	15,892	72
Cumberland	112	16,655	75		Newport	405	14,790	67
Johnston	125	17,649	80		S. Kingstown	514	5,052	23

Source: US Census Bureau (2002), based on a national per capita income of \$22,199

- Fully serviced industrial sites
- Reuse of industrial facilities in the central cities
- Major pollution abatement capital improvement, and
- Expansion of resource-based industries, particularly tourism, marine shipping, and fishing

These needs have been addressed with policies under the three objectives set forth in the *Economic Development Policies and Plan*:

- *Employment*: Provide at least 34,200 new employment opportunities for Rhode Island residents by the year 2020, achieving and maintaining full employment and reducing underemployment.
- *Facilities*: Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the *State Land Use Policies and Plan*, the *Industrial Land Use Plan*, and other applicable elements of the State Guide Plan.
- *Climate*: Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

Staff participation in economic development activities requires sensitivity to the objectives and policies of the State Guide Plan to avoid apparent inconsistencies and outright conflicts, particularly where these activities are publicly funded.

This Year's CEDS

The Rhode Island Comprehensive Economic Development Strategy provides the opportunity to implement the policies of the *Economic Development Policies and Plan* and local (municipal) comprehensive plans with specific, directed development proposals. Project proponents are required as part of the application process to cite at least one specific objective and policy from the *Economic Development Policies and Plan* that each of their projects fulfills. With their CEDS application, they receive a list of all the objectives and policies in the *Plan*. Most applicants are able to cite more than one policy, often several policies, that their projects will help implement. (See Attachment 3, "EDA Priority Program – FFY 2006.")

This year's solicitation of projects implemented several reforms recommended in the 2004 Statewide Planning Program Technical Paper *EDA Public Works in Rhode Island, 1996-2000*. The report reviewed the performance of nine projects that the Economic Development Administration funded in that period in terms of job generation, wages, and promoting other

development, looking for ways to improve that performance through the CEDS project selection process. The recommendations were to:

- Explore changing the state's scoring and screening method from the traditional numeric, short answer application format to one based upon narrative project descriptions
- Involve the CEDS Subcommittee in the selection of projects to be included on the priority list to a greater degree than ever before by having the Subcommittee read, compare, evaluate and then choose among the projects that score high enough to qualify
- Encourage regional partnering to broaden a project's scope and quality
- Encourage applicants to familiarize themselves with the EDA's Investment Policy Guidelines before submitting their CEDS applications
- Require applicants to submit projects that will generate no fewer than 50 direct jobs
- Redefine "well-paying" jobs in the selection process by considering wages not on the basis of a comparison to the state minimum wage, but to the private sector average wage
- Target clusters identified by the R.I. Economic Development Corporation as providing high-skill, high-wage jobs

The staff also acted on recommendations made by members of the CEDS Subcommittee to use the CEDS to help build the education and skill levels of the Rhode Island workforce to meet the demands of modern industry. Skilled, computer-savvy workers were needed particularly in progressive manufacturing firms, but also in health services, financial activities, and defense – all very important Rhode Island clusters.

With the approval of the CEDS Committee, the appropriate changes were made to the CEDS application forms. The staff also added a "workforce development" category and a clearer definition of clusters to the project scoring criteria.

The project solicitation was launched, as usual, in March. The following month, Statewide Planning hosted the annual CEDS workshop. Invitees included the more than 100 contacts on our mailing list of eligible applicants. Twenty-two people attended, including city planners, consultants, local and regional economic development practitioners and staff from local nonprofits. The meeting attracted nearly twice as many people as had participated in 2004.

The workshop provided an opportunity to explain the changes in the application process directly to those participating in it. The staff also had the attendees engage in a review of two mock CEDS proposals under the new system. The group broke up into teams of two or three and determined scores for the projects, which were then reviewed by the meeting's facilitator. The workshop ended on an upbeat note, with several participants telling the staff that the exercise helped them understand the changes we had made and better prepared them for submitting their own applications.

The 2005 project solicitation period ended on May 6. Ten project proposals were received from a total of 15 applicants (six municipalities, four state agencies, one regional planning organization, and four private nonprofits). Statewide Planning staff scored and ranked the projects, recommending the top seven to the CEDS Subcommittee as candidates for this year's Priority Project List. These candidates all achieved or exceeded the median score of all projects submitted.

The CEDS Subcommittee familiarized itself with the projects by reviewing the project narratives, and convened to discuss the projects and finalize the priority list. The Subcommittee approved all seven candidates and forwarded them to the Technical Committee for action, which in turn endorsed them and sent them to the State Planning Council. The Planning Council approved the seven projects as the 2005 CEDS Priority Project List on June 9.

The projects that made this year's Priority Project List are given in Table 8. The projects are listed alphabetically by applicant, and no "priority" within the priority list should be inferred by the order in which they appear in the table.

Table 8
PRIORITY PROJECT LIST – RHODE ISLAND CEDS, 2005

Applicant/Community	Project Title
Business Innovation Factory/RIEDC	R.I. Wireless Innovation Network
East Providence/RIDOT	Bold Pt. Harbor Redevelopment Area
Pawtucket/Central Falls	Pawtucket/Central Falls Train Station
Pawtucket/Pawtucket Armory Assn.	Arts Exchange at Pawtucket Armory
Providence/Greater Providence YMCA	New Providence YMCA on Mashapaug Pond
Providence/Prov. Community Health Centers	Federated Lithographers Development & Preservation Project
Quonset Dev. Corp./RIEDC	Marine Bioscience Research & Business Park

Source: Statewide Planning Program

Table 9 shows how the projects on this year's CEDS list fit with the four critical needs described above. Attachments 2 and 3 of this *Annual Report* review the priority list, with the latter keying each project to objectives and policies in the *Economic Development Policies and Plan*.

On June 13-15, Tyrone L. Beach, Sr., of the EDA's Philadelphia Regional Office, conducted site visits with the Rhode Island CEDS staff. Meetings were held with several past and present CEDS applicants: the RIEDC, Business Innovation Factory, Quonset Development Corporation, City of East Providence, City of Newport, Providence Community Health Centers, and Providence Performing Arts Center.

Enterprise Zones

There are presently ten (10) state-sponsored enterprise zones in Rhode Island. Altogether, the enterprise zones occupy 49 Census tracts in whole or in part, in some of the poorest neighborhoods in Rhode Island. Tax benefits flow to businesses locating in enterprise zones, with additional benefits for hiring residents of the zones. The program is managed by an Enterprise Zone Council that meets once a month and is advised by local planners, the state Division of Taxation, and the Statewide Planning Program. The R.I. Economic Development Corporation provides staff support. The advisory/liaison role played by Statewide Planning staff on the Enterprise Zone Council stems from the agency's advocacy of policies for urban and industrial redevelopment in the State Guide Plan, particularly the *Economic Development Policies and Plan* and the *Industrial Land Use Plan*.

The RIEDC encourages companies in enterprise zones to apply for certification to qualify them for the tax modifications and, in effect, lower their cost of doing business. These incentives have contributed significantly to economic development in Rhode Island. The RIEDC reported that, as of May 2005, 143 enterprise zone businesses had been certified for tax year 2004, generating 806 new jobs and hiring 248 enterprise zone residents. The RIEDC is continuing to accept applications for certification for 2004, so the job generation numbers will increase as more recent data become available; typically the program adds over 1,000 new jobs every year.

Partnering for Economic Development

The Rhode Island CEDS encourages partnering. Overtures toward this end reflect EDA's Investment Policy Guidelines, but also come from a longstanding policy to encourage projects of a regional or statewide nature as opposed to those that are strictly local. Regional and statewide impact is defined in the CEDS application materials, and applicants are awarded

Table 9
RHODE ISLAND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY:
PRIORITY-LISTED PROJECTS KEYED TO STATE “NEEDS”

Need 1. Fully serviced industrial sites

- R.I. Wireless Innovation Network (Business Innovation Factory/RIEDC)*

Need 2. Reuse of facilities (industrial and otherwise)

- Bold Point Harbor Redevelopment Area, East Providence (City of East Providence/R.I. Department of Transportation)
- Pawtucket/Central Falls Train Station (City of Pawtucket/City of Central Falls)
- Arts Exchange at Pawtucket Armory, Pawtucket (City of Pawtucket/ Pawtucket Armory Association)
- New Providence YMCA on Mashapaug Pond, Providence (City of Providence/Greater Providence YMCA)
- Federated Lithographers Development & Preservation Project, Providence (City of Providence/Providence Community Health Centers)
- Marine Bioscience Research and Business Park (Quonset Development Corp./RIEDC)

Need 3. Major pollution abatement capital improvements, including infrastructure improvements to improve water quality in Narragansett Bay, solid waste management, and air quality (particularly through renewable energy and energy efficiency projects)

- Bold Point Harbor Redevelopment Area (brownfields remediation)
- Arts Exchange at Pawtucket Armory (brownfields remediation)
- New Providence YMCA on Mashapaug Pond (brownfields remediation)
- Federated Lithographers Development & Preservation Project (brownfields remediation and renewable energy)

Need 4. Expansion of resource-based industries (tourism, marine shipping, fishing)

- Marine Bioscience Research and Business Park**

* Designed to demonstrate broadband wireless potential and capability, an important component of industrial infrastructure in the 21st Century.

** Expected to develop and commercialize pharmaceuticals and other products from marine organisms.

additional points if regional or statewide impact can be demonstrated. If a partner is listed as a co-applicant, the project proposal is entitled to more points. Collaborations between and among all eligible applicants are strongly encouraged.

Eight of the ten projects submitted during this year's solicitation involved some sort of partnership, whether between neighboring municipalities, quasi-public corporations, or a municipality and a nonprofit. All of the proposals that made this year's Priority Project List are partnerships, as indicated by the co-listing of applicants next to the project titles in Tables 8 and 9. This is remarkable progress from last year, when only 44% of the priority-listed projects were partnerships.

Involvement of the nonprofits enables public funds from the EDA to leverage significant private investment in some of the poorest neighborhoods in Rhode Island. The degree of private sector commitment to CEDS projects has improved markedly from 2003 and last year. In 2003, 58% of the priority-listed projects had private funds to committed to them. In 2004, the number was 78%, and this year, it was 86%.

The CEDS Committee and staff see the promotion of industrial clusters through the CEDS as another means of encouraging partnering among the firms participating in each cluster and possibly among CEDS applicants. This year, as last, all of the projects on the priority list promoted one or more clusters identified by the RIEDC as critically important to Rhode Island. These are shown in Table 10. The clusters included health and life sciences, creative, advertising and media, education, communications and information technology, financial services, and marine and environmental science and industry.

Cluster development has been part of Rhode Island's economic development strategy for several years, from the convening of the first working groups of industry leaders by the R.I. Economic Policy Council in 1996 around specific disciplines to the establishment of the Slater Technology Fund, which oversees four focus areas: manufacturing and design, biomedical technology, marine and environmental technologies, and interactive technology. The Slater Fund provides funding and mentoring for projects and start-up companies within their individual disciplines. Its mission is to foster the commercialization of new technologies and to build clusters in growth industries that can lead to high-wage employment opportunities for Rhode Islanders. Currently, there are 66 companies in the Slater "Portfolio" (The Slater Fund, 2005).

For example, in May 2005 the Slater Fund provided a \$150,000 convertible note to Providence-based Solaris Nanosciences Corp. to develop its business as "a leading manufacturer of nanoparticles," extremely tiny metal

Table 10
2005 PRIORITY-LISTED PROJECTS LINKED TO INDUSTRIAL CLUSTERS

Applicant/Project	Cluster(s)
Business Innovation Factory, RIEDC/ RI Wireless Innovation Network	Communications & Information Technology
East Providence, RIDOT/Bold Pt. Harbor Redevelopment Area	Financial Services
Pawtucket, Central Falls/Pawtucket-Central Falls Train Station	Hospitality
Pawtucket, Pawtucket Armory Association/ Arts Exchange at Pawtucket Armory	Creative, Advertising & Media; Education
Providence, Greater Providence YMCA/ New Providence YMCA on Mashapaug Pond	Education
Providence, Providence Community Health Centers/Federated Lithographers Development & Preservation Project	Health & Life Sciences
Quonset Development Corp., RIEDC/ Marine Bioscience Research & Business Park	Marine/Environmental

Source: Statewide Planning Program

particles with properties of optical absorption that can be exploited in a variety of new products, such as photovoltaic solar energy panels, enhanced video displays, and instruments to improve vision in patients suffering from macular degeneration. The company “has collaborative research relationships with institutional and corporate partners,” including Brown University and the University of Rhode Island (Solaris Nanosciences, 2005).

Other organizations supporting cluster-based economic development include the R.I. Manufacturing Extension Service (RIMES), which in 2003 partnered with the Town of Smithfield on a CEDS/EDA project to provide technical assistance to local precision metalworking firms to enhance company competitiveness. RIMES is now partnering with the Community College of Rhode Island in a lean manufacturing certificate program, where enrollees get their certificates after completing a 15-credit course covering basic business and technical skills, value stream mapping, setup reduction, and other elements of lean manufacturing. John Cronin, the Chief Executive Officer of RIMES, is a member of the CEDS Subcommittee.

Development Activities at Quonset

An ongoing task is Statewide Planning’s review of development activities (the leasing or purchase of land, siting of businesses, construction of buildings, renovations and expansions, etc.) at the Quonset Business Park. Many of the infrastructure improvements taking place at Quonset over the years

originated as proposals on a CEDS or an Overall Economic Development Program priority list, and would not have been possible without EDA assistance. The Quonset Davisville experience has proven that fully serviced industrial sites will serve as a magnet for businesses.

This year, one of the priority-listed projects anticipates the construction of a marine bioscience research and business park at Quonset, a location that will take advantage of clean seawater, favorable site topography, and proximity to two of the leading oceanographic institutions in the world, the URI Graduate School of Oceanography and Woods Hole Oceanographic Institution. This project is concerned primarily with design, engineering, and securing the permits that will allow construction to proceed.

CEDS EVALUATION

The Action Plan

The simple, overarching goal that is the basis of the *Economic Development Policies and Plan* is to “foster and maintain a vigorous economy able to provide an adequate number and variety of activities that generate wealth for the people of the state.” This statement encompasses all of the purposes of economic activity: jobs, income, production of goods and services, capital investment, and government revenue. The three objectives that guide Rhode Island in achieving this goal are:

- 1) Provide at least 34,200 new employment opportunities for Rhode Island residents by the year 2020, achieving and maintaining full employment and reducing underemployment.
- 2) Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the *State Land Use Policies and Plan*, the *Industrial Land Use Plan*, and other applicable elements of the State Guide Plan.
- 3) Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

In the *Economic Development Policies and Plan*, discrete steps toward the accomplishment of each of these objectives are listed as policies. Taken altogether, the single goal, the three objectives, and the policies that support them constitute Rhode Island’s action plan. Implementation comes through the CEDS, as planners and practitioners in the public and private nonprofit sectors – at the state, regional, and local levels – submit creative project

proposals that implement their own economic development strategies consistent with the *Plan's* long-term objectives.

Each CEDS applicant is required to key his or her project to a specific objective and policy in the *Economic Development Policies and Plan*. This is a threshold requirement independent of numerical scoring, ensuring that each proposal, regardless of its ultimate score or status as a priority project, would in its own way help implement the action plan. The goals below are derived directly from policies in the *Plan*, allowing us to determine how well we are conducting Rhode Island's CEDS by how well we are implementing the *Economic Development Policies and Plan*.

Evaluating the CEDS Planning Process

The CEDS Committee is composed of three units: the State Planning Council (SPC), its Technical Committee (TC), and the CEDS Subcommittee. The State Planning Council, as the top unit, provides the direction for CEDS policy development in accordance with elements of the State Guide Plan, including the *Economic Development Policies and Plan*. The SPC also gives final approval to the Priority Project List submitted with each year's CEDS report, and any revision to the priority rating system used to develop that list.

The SPC's standing advisory committee is the Technical Committee, the second unit of the CEDS Committee. Members of the TC include transportation, health, energy and economic development planners from state agencies. Also included are municipal planners, academics, and public policy advocates. The TC reviews the CEDS priority project rating system and results of the project solicitation, and must endorse any action before it is brought to the State Planning Council.

The TC appoints a CEDS Subcommittee, the third unit of the CEDS Committee. The Subcommittee works with the Statewide Planning Program staff to develop and revise the scoring criteria in the rating system, solicit projects, and rate those projects to determine whether they will be included on the Priority Project List.

The CEDS Subcommittee includes members recruited from outside the SPC and TC. The Subcommittee thus provides an opportunity to broaden representation of racial, ethnic and cultural minorities on the CEDS Committee, as well as to involve private-sector economic development groups in distressed communities. Ensuring the diversity of representation on the CEDS Committee fosters the ability of the CEDS to reflect a balance among state, community and private economic development interests, in accordance with our first CEDS goal:

Goal 1: To involve as broad a range of economic development practitioners in the CEDS as possible.

Progress toward attaining this goal and others to follow in this evaluation can be discussed qualitatively or quantitatively.

Qualitative measures of achievement – 1) Recognize local character, cultural diversity and heritage as major assets to be protected and promoted in economic development, and have diverse economic, cultural and ethnic interests represented in the membership of the CEDS Committee.

2) Solicit projects from all eligible applicants, conducting the necessary outreach to do so.

Quantitative measures of achievement – 1) Determine how many economic and business development organizations are represented on the CEDS Committee (the three units in total – Subcommittee, TC and SPC).

<u>Evaluation criteria</u> –	Fewer than 10, needs improvement
	10-15, good
	More than 15, excellent

Findings – There were seven economic and business development agencies or organizations represented on the CEDS Committee in 2005. They included the state’s largest Chamber of Commerce (Greater Providence), the South Providence Development Corporation (a private nonprofit), Grow Smart Rhode Island, the R.I. Manufacturing Extension Service, the R.I. Housing Resources Commission, the R.I. Housing and Mortgage Finance Corporation and the R.I. Economic Development Corporation. The Urban League and Progreso Latino, minority advocacy groups with a strong emphasis on economic development, were also represented, bringing the total to nine. This is a slight improvement from last year, but this measure of performance still *needs improvement*.

One of the new Environmental Advocates on the State Planning Council is a Senior Vice President at the Washington Trust Company, and has been involved in business development issues for much of his career. While this would be expected to give him a development as well as an environmental perspective, he was not considered for the purposes of the above finding to be representing an economic or business development agency or organization.

Similarly, and as the CEDS staff has noted in Attachment 1 to this report, “CEDS Committee Membership and Representation,” the municipal planners sitting on the CEDS Committee have economic development responsibilities in their cities and towns that often extend beyond planning. However, like the

Environmental Advocate, they were not considered in the above finding to be representing an economic or business development agency or organization.

2) How many women and minorities are represented on the CEDS Committee (the three units in total)?

<u>Evaluation criteria</u> –	Fewer than 10, needs improvement
	10-15, good
	More than 15, excellent

Findings – Eighteen individuals on the CEDS Committee (out of a total of 39) were women or members of a minority group, or 46%. This percentage is an improvement from last year's 40%. We continue making *excellent* progress toward achieving this objective.

3) How many potential applicants were targeted in the CEDS project solicitation?

<u>Evaluation criteria</u> –	Fewer than 70, needs improvement
	70-100, good
	More than 100, excellent

Findings – One hundred and one (101) letters were sent to potential applicants in 2005, inviting them to request an application package and submit a project proposal. This was the same as last year. Staff has therefore made *excellent* progress toward achieving the objective.

However, the number of potential applicants requesting application packages has decreased significantly, from 28 last year to 18 this year. Conversations with several of them revealed they had doubts about their eligibility in light of generally improving economic conditions. Many added that they were discouraged by the generally low number of projects on the priority list that actually secure EDA funding. Interest in the CEDS is expected to decline further among those applicants who have repeatedly attained priority listing but not gotten funded.

Fifteen applicants completed the packages and submitted, in total, 10 projects. (Most were partnerships, i.e., co-applications.) Seven of those projects made the Priority Project List. Last year, 15 applicants completed the packages and submitted, in total, 16 projects, nine of which were priority-listed. Most of these projects were *not* partnerships.

Evaluating the CEDS Implementation Process

As part of a continuing process, the CEDS Committee over the years has attempted to keep project requirements ("threshold" criteria) and the Priority

Project Rating System (scoring or “discretionary” criteria) in the CEDS consistent with EDA investment guidelines. To build and support partnerships for economic development, points are added to the score of any proposal co-sponsored by two or more eligible applicants. These partnerships may involve two municipalities, a municipality and a nonprofit, a state agency and a nonprofit, etc. Proposals that demonstrate a commitment of non-federal matching funds in excess of the required 50% of total cost win extra points, as do those that have a commitment of private funds. We help advance the EDA’s desire to advance productivity, innovation, and entrepreneurship by awarding points to projects that support clusters specifically identified by the RIEDC as innovative, progressive, and with high growth potential. In fact, this year’s Priority Project List is associated with a diverse assortment of such clusters: communications and information technology; financial services; hospitality; creative, advertising and media; education, health and life sciences; and marine and environmental science and industry.

The CEDS Committee also continuously refines and revises the criteria so that priority-listed projects will effectively implement the state’s own economic development objectives. Sometimes discretionary criteria are elevated to threshold criteria. This was done, for example, with the new requirement for each project to generate, or at least anticipate, 50 direct jobs.

The EDA’s guidelines and the state’s criteria correspond closely. The jobs created as a result of EDA investments are expected to provide higher-than-average wages in distressed communities and promote regional prosperity. Applicants should commit a high level of non-federal matching funds, including private investment. Public-private partnerships should indicate a higher level of commitment to successful completion by the public sector and higher market-based credibility by the private sector.

The CEDS Committee and Statewide Planning staff review and recommend revisions to the criteria whenever necessary to reflect new directions in policy or newly surfaced concerns. Sometimes this is motivated solely by something happening in Rhode Island, for example the desire to redevelop urban centers and enterprise zones or to upgrade the skills of the blue-collar workforce. Or, it may arise from revisions to the State Guide Plan.

It has already been stated that the mission of the CEDS is to initiate projects that help implement economic development policies in the State Guide Plan, but land use and transportation policies are considered, too. For example, one criterion notes whether applicants will actively recruit employees from enterprise zones, including having a transportation plan to get them to the worksite and back home. Another speaks to the sound management of land and other physical resources through “smart growth,” favoring projects located within the built environment.

The CEDS scoring system assigns points for a project's "area of influence." Credit in this category (five points) is given only to projects having either statewide or regional influence, as opposed to projects of a strictly local nature. Statewide projects have the likelihood of affecting the entire state. Regional projects have multi-community significance (involve more than one municipality) and may affect several municipalities in the state. This criterion is intended to reward applicants that will partner with others in other communities on a project of mutual benefit, and regional agencies that can generate projects with a regional or statewide impact. It is consonant with a general state policy favoring regionalism in economic development, but also with the EDA's investment guidelines.

Ideally, the project solicitation, selection and implementation process will be designed and redesigned to attain the rest of our program goals:

Goal 2: To increase the number of permanent employment opportunities for Rhode Island residents, and reduce unemployment and underemployment in the state.

Qualitative measure of achievement – Attract projects into the CEDS that generate a large number of direct, indirect and induced jobs.

Quantitative measure – How many permanent non-construction jobs are anticipated from projects on the priority list in total?

<u>Evaluation criteria</u> –	Fewer than 3,000, needs improvement
	3,001-5,000, good
	More than 5,000, excellent

Findings – More than 6,800 new jobs are anticipated in total from the Priority Project List, in spite of the list having fewer projects than last year. The number of jobs from project to project ranged from a low of 65 for the new Providence YMCA to a high of 4,722 for the redevelopment of Bold Point Harbor. Some of the job estimates have changed for projects that were also submitted last year. It is presumed that this year's estimate is the more accurate of the two, as further study and perhaps some design and engineering work confirms some assumptions and discounts others.

It is highly unlikely that all the priority-listed projects will be funded so that the total number is reached; however, this measure of achievement is useful for comparing the *potential* for job generation from year to year. This potential improved significantly from last year owing to the Bold Point Harbor project and a revision of the jobs estimate for Federated Lithographers. These results are yielding *excellent* progress on this measure.

Goal 3: To target public economic development assistance to those projects that can increase the average wage rate in their industrial sectors and communities.

Qualitative measure of achievement – Attract projects into the CEDS that generate jobs that pay well enough to support a family and can improve per capita incomes in distressed communities.

Quantitative measure – How many projects on the priority list offer jobs with wages higher than the state average private sector wage?

Evaluation criteria – Fewer than 70%, needs improvement
 70%-90%, good
 More than 90%, excellent

Findings – Four of the seven projects on the priority list, or 57% of the total, anticipated wages in excess of the state average private sector wage, \$34,860 (the most recent figure available during the project solicitation). This is an improvement over last year, but still *needs improvement*.

Goal 4: To reclaim brownfields and encourage use of the “built environment.”

Qualitative measure of achievement – Attract projects into the CEDS that will remediate and reuse brownfields and abandoned or underutilized industrial properties with infrastructure, such as mill buildings.

Quantitative measures – 1) How many projects on the priority list are located in a brownfield or a certified mill building?

Evaluation criteria – Fewer than 70%, needs improvement
 70%-90%, good
 More than 90%, excellent

Findings – Four projects, 67% of the total, are located in a brownfield or a certified mill building. (The location of the Wireless Innovation Network has yet to be determined and was not considered in the total.) This is a decrease of 11 percentage points from last year. This measure of performance therefore *needs improvement*, but should be considered in light of the following finding.

2) How many projects on the priority list are located in an area of the “built environment” not identified as a brownfield or a certified mill building?

Evaluation criteria – Fewer than 70%, needs improvement
 70%-90%, good
 More than 90%, excellent

Findings – All (i.e., 100%) of the projects not located in a brownfield or certified mill building are located in areas that were already developed – the “built environment.” (Again, the Wireless Innovation Network was not counted in the total.) Staff therefore continues making *excellent* progress toward achieving the objective.

Goal 5: To encourage investment in deteriorating urban areas.

Qualitative measure of achievement – Attract projects into the CEDS that will locate within Enterprise Zones and employ Enterprise Zone residents.

Quantitative measure – How many projects on the priority list are located in an Enterprise Zone?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Four projects, or 67% of the total, are located in Enterprise Zones. (Again, the Wireless Innovation Network was not counted in the total.) This is a decrease from last year, and this measure of performance *needs improvement*.

Goal 6: To encourage investment by the public and private sectors.

Qualitative measures of achievement – 1) Attract projects into the CEDS that have a significant commitment of private funding.

2) Attract projects into the CEDS that play to Rhode Island’s strengths and promote industrial clusters and partnerships.

Quantitative measures – 1) How many projects on the priority list have funds committed from private sources?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Six projects, or 86% of the total, have funds committed from private sources. This is an improvement from last year. Staff has therefore made *good* progress toward achieving the objective.

2) How many projects on the priority list promote existing or potential clusters?

Evaluation criteria – Fewer than 70%, needs improvement
70%-90%, good
More than 90%, excellent

Findings – All seven projects promote one or more clusters. These include communications and information technology, financial services, hospitality, creative, advertising and media, education, health and life sciences, and marine and environmental science and industry. This finding is unchanged from last year; four of the seven projects have been proposed previously. Staff therefore continues to make *excellent* progress toward achieving the objective.

3) How many projects on the priority list are partnerships between or among two or more eligible applicants?

Evaluation criteria – Fewer than 70%, needs improvement
70%-90%, good
More than 90%, excellent

Findings – All seven projects are partnerships: between municipalities, a municipality and a state agency, a municipality and a nonprofit, a nonprofit and a state agency, or two state agencies. This is a considerable improvement (56 percentage points) from last year. Staff has made *excellent* progress toward achieving the objective.

Goal 7: To encourage and promote regionally initiated economic development efforts.

Qualitative measure of achievement – Attract projects into the CEDS that have a regional or statewide impact.

Quantitative measure – How many projects on the priority list have a regional or statewide area of influence?

Evaluation criteria – Fewer than 70%, needs improvement
70%-90%, good
More than 90%, excellent

Findings – Six of the seven projects (86%) have a regional or statewide area of influence. One proposal, the Wireless Innovation Network, is a pilot project that is regional in design (to be located in two adjacent communities yet to be determined) but, if successful, can be ramped up into a project of statewide significance. Its intention is to demonstrate how Rhode Island can become the nation's "first wireless state," with full statewide coverage for wireless broadband.

Last year, only 67% of the projects were regional or statewide. Staff has therefore made *good* progress toward achieving the objective.

The findings for Goals 2 through 7 are summarized in Table 12. Because the numbers of projects on priority lists vary from year to year, the evaluation is reckoned in percentages rather than raw numbers under all categories except jobs anticipated.

Conclusions

The evaluation process gives us a tool for satisfying what is fundamental to Rhode Island's CEDS: enhancing EDA funding eligibility for priority-listed projects and implementing the policies and objectives of the State Guide Plan. Continuing to make satisfactory progress and improving what needs work will determine which aspects of the priority rating system we will be retain or revise. This could mean adjusting the point scales for the scoring criteria, adding new criteria, or eliminating criteria that do not prove effective. The CEDS Committee has done this in the past with positive results.

This year, the CEDS staff raised the bar considerably in the evaluation. Where the scale for a measure of performance previously ranged from "fewer than 20%, needs improvement" to "more than 50%, excellent," it is now "fewer than 70%, needs improvement" to "more than 90%, excellent." Our intention was to improve the program by setting and striving to meet more stringent standards. Under the new regimen we still achieved grades of excellent in four of the nine measures of performance and good in two, indicating we are on the right track, but there were areas that clearly needed improvement, too.

Under most categories we improved from last year. We are doing particularly well with encouraging private sector participation, high-growth cluster development, partnering, and regionalism. However, we need to gain more high-paying jobs (although we seem to be improving on that score), promote brownfield and mill building reuse, and encourage location in enterprise zones or at least the recruitment of residents of enterprise zones for employment.

We also need to increase representation on the CEDS Committee for economic and business development organizations. Recent appointments to the State Planning Council and Technical Committee have improved our numbers from last year, although one more representative – for example, from organized labor or a regional nonprofit development corporation – could be added to the CEDS Subcommittee.

Table 11
2004-2005 PRIORITY PROJECT LIST COMPARISON

2004 PRIORITY PROJECT LIST										
Applicant/Community	Project Title	Jobs	Wages	Brown or Mill	Built Environ	EZ	Private Funds	Clusters	Partnership	Area of Inf
Burrillville	Gas Line Utility Expansion	173	no	yes	n/a	no	yes	Health & life sciences/mfg.	no	Regional
Pawtucket/Pawt. Armory Assn.	Pawtucket Armory Arts Exchange	212	no	no	yes	no	yes	Creative, adv. & media/educ.	yes	Regional
Providence	Bomes Theater	7	no	yes	n/a	yes	no	Creative, adv. & media	no	Local
Providence/Greater Prov. YMCA	New Providence YMCA on Mashapaug Pond	187	no	yes	n/a	yes	yes	Education	yes	Local
Providence/Prov. CHC	Federated Lithographers Dev. & Pres. Project	716	yes	yes	n/a	yes	yes	Health & life sciences	yes	Regional
Providence/W. Elmwood HDC	Rau Commercial Building	139	yes	yes	n/a	yes	yes	Financial services	yes	Local
RI Economic Dev. Corp.	Business Innovation Factory	609	yes	yes	n/a	yes	no	Creative, adv. & media/mfg.	no	Statewide
U.S.S. Saratoga Museum Fdn.	Educational Fac. & Tourism Attr. - Russian Sub	25	no	no	yes	yes	yes	Hospitality	no	Statewide
Warren	Harbor Marine Town Wharf & Transp. Center	77	no	yes	n/a	yes	yes	Hospitality	no	Regional
TOTAL		2,145	33%	78%	100%	78%	78%	100%	44%	67%
EVALUATION		N.I.	N.I.	Good	Excellent	Good	Good	Excellent	N.I.	N.I.
2005 PRIORITY PROJECT LIST										
Business Innov. Factory/RIEDC	RI Wireless Innovation Network	124	yes	n/a	n/a	n/a	yes	Communications & IT	yes	Regional
East Providence/RIDOT	Bold Point Harbor Redevelopment Area	4,722	yes	yes	n/a	yes	yes	Financial services	yes	Regional
Pawtucket/Central Falls	Pawtucket/Central Falls Train Station	311	no	no	yes	yes	yes	Hospitality	yes	Regional
Pawtucket/Pawtucket Arts Assn.	Arts Exchange at Pawtucket Armory	142	no	yes	n/a	no	yes	Creative, adv. & media/educ.	yes	Regional
Providence/Greater Prov. YMCA	New Providence YMCA on Mashapaug Pond	65	no	yes	n/a	yes	yes	Education	yes	Local
Providence/Prov. CHC	Federated Lithographers Dev. & Pres. Project	1,353	yes	yes	n/a	yes	yes	Health & life sciences	yes	Regional
Quonset Dev. Corp./RIEDC	Marine Bioscience Research & Business Park	95	yes	no	yes	no	no	Marine/environmental	yes	Statewide
TOTAL		6,812	57%	67%	100%	67%	86%	100%	100%	86%
EVALUATION		Excellent	N.I.	N.I.	Excellent	N.I.	Good	Excellent	Excellent	Good
N.I. = Needs improvement										

GOALS FOR THE COMING YEAR

In line with the results of the above evaluation, this coming year we will seek to:

1. *Increase the number of permanent employment opportunities for Rhode Island residents at wages able to support families.* As we stated in the 2004 *Annual Report*, the Priority Project Rating System should choose projects that, if funded, will provide jobs that pay well enough to have a real impact in distressed communities. We became convinced that pegging the system's wage criterion to the average Rhode Island private sector wage would accomplish this more effectively than comparing it, as we had in previous solicitations, to the state minimum wage. In fact, this became one of the recommendations for improving the program in *EDA Public Works in Rhode Island, 1996-2000*, and the change was made this year. While our performance under this category "needs improvement," this year's solicitation did attract a majority of projects (57%) that would pay more than the private sector average – clearly better than last year's 33%.

2. *Support workforce development.* This year we instituted a "workforce development" criterion in the Priority Project Rating System to reward applicants whose projects accommodated the education and training of employees. Extra points were given if they could document an in-house program or one designed or conducted by a recognized provider of education and training services (e.g., RIMES, the Community College of Rhode Island, or the Institute for Labor Studies and Research). The new criterion originated with members of the CEDS Subcommittee who acknowledged the growing demand for workers conversant with twenty-first century technology, and the dwindling supply of such workers in Rhode Island. Presuming another project solicitation in 2006, whether through the traditional CEDS process or the Strengthening America's Communities Initiative, the presence of an education and training program will continue to be looked upon favorably as an important means to an end, because this demand will not go away. During the next solicitation, workforce development will be among the categories by which we measure our progress for the year, as we do now with jobs, wages, and clusters. This year, five of the seven priority-listed projects, or 71%, had some provision for education and training.

3. *Continue to bring in quality projects with regional or statewide areas of influence.* We identified this as a priority item in 2003, and made significant progress since then. Regional and statewide projects accounted for two-thirds of the projects on the 2004 Priority Project List; this year, all but one of the priority-listed projects, or 86%, demonstrated regional or statewide impact. Presuming another solicitation in 2006, we will retain the "area of influence"

criterion in the Priority Project Rating System as a means of promoting regionalism and partnering among eligible communities.

4. *Encourage partnering and private sector investment.* Partnering is important for a number of reasons: it promotes regional solutions to problems, as suggested above; it also broadens the benefit of public investment, and encourages private sector participation where resources are limited, for example among the nonprofits. Partnering and private sector involvement will also increase the chances of projects being funded, as both are encouraged in the EDA's investment guidelines. Our efforts to promote partnering and private sector investment are succeeding. All of the projects that made the priority list are the products of partnerships, and six of them (86%) include private sector investment.

5. *Encourage development of employment centers that will be accessible to residents of low-income areas.* This can be done through our encouragement of investment in enterprise zones, which by definition are areas of economic distress, *and* by the recruitment of enterprise zone residents to employment centers wherever they exist (such as the Quonset Business Park, which is not located in an enterprise zone). While development within an enterprise zone or other distressed area should not be given short shrift – in fact, it should be strongly encouraged because of the local spin-offs that result – industries located outside the zones need talented workers who could potentially come from those neighborhoods. These workers would bring money back to their households, and by extension, their communities. The concept of the “reverse commute” should therefore be recognized and accommodated in public investment strategies, including the CEDS. So that all employment centers are accessible, outreach to the workforce residing in distressed communities should include transportation plans.

6. *Recruit more economic development practitioners for the CEDS Subcommittee to increase the number on the Committee as a whole.* Last year, our goal was to increase this number from eight to ten. Additional appointments to the State Planning Council mandated by the R.I. General Assembly this year affected this effort, and the number increased to nine, but we are still short of our goal. Presuming another project solicitation next year, we will attempt to address this by increasing membership on the CEDS Subcommittee.

7. *Maintain communication to strengthen the partnership between the EDA and the CEDS staff.* This communication has improved markedly in the past two years, bolstered by annual visits to Rhode Island by representatives of the EDA's Philadelphia regional office, meetings with potential applicants, frank discussions of ongoing and proposed projects, and CEDS workshops. Last year we noted the importance of being notified when funding decisions are made by the EDA or priorities are redirected, and also of notifying the EDA

when new projects surface. This has occurred throughout the year. The CEDS staff has encouraged potential applicants to speak directly with EDA representatives about the eligibility of their proposals and likelihood of funding, and the EDA has directed them accordingly. We are satisfied with the progress of communication in both directions. We remain committed to it, and are confident that the EDA is committed to it as well.

REVISIONS TO THE 2005 CEDS

Requirement for Each Project to Generate 50 Jobs

The Statewide Planning Program Technical Paper, *EDA Public Works in Rhode Island, 1996-2000*, made a specific recommendation to establish a new threshold requirement for the CEDS: that each proposal be expected to generate no fewer than 50 jobs. This was interpreted to be 50 *direct* jobs, i.e., the number of jobs generated before multiplier effects (indirect and induced jobs) were considered. The CEDS Committee acted on that recommendation, and that minimum job requirement was incorporated in the CEDS project solicitation for this year.

This also fulfilled a “goal for the coming year” in last year’s *Annual Report* to “increase the number of jobs anticipated in the project solicitation” (Statewide Planning Program, 2004a). In total, if all the projects on this year’s Priority Project List were funded, 6,812 new jobs would result, including multiplier effects. Last year, the total – with two more projects than in 2005 – was 1,803.

Job generation per project this year, including multiplier effects, ranged from a low of 65 to a high of 4,722.

Revised Scoring Criteria

The CEDS staff introduced a new scoring criterion, “Workforce Development,” whereby applicants received five points for indicating that their projects included education and training of likely employees, and another five points if they “connected or partnered” with a recognized provider of such services, or demonstrated an in-house program, to educate and train their workforce. This was in response to direction from the 2004 *Annual Report* to “promote, maintain and expand skill levels and career ladders through education and training” and from members of the CEDS Subcommittee. It also addresses the issue of preparing Rhode Island workers for innovation and enhanced competitiveness as their companies participate in the global economy.

Within the scoring criterion related to “Job Development,” we changed the wage category from one based on the state minimum wage to one based on the average private sector wage as determined by the R.I. Department of Labor and Training. This was in response to a recommendation made in *EDA Public Works in Rhode Island, 1996-2000*, as mentioned previously. It reflected the observation that most of the projects funded by the EDA in that period had pay scales below the all-industry average and therefore were not performing as well as they could (or at least as broadly as they could) to create wealth in Rhode Island. This change was moderately successful: of the seven projects that made the Priority Project List, four of them, or 57%, were expected to generate wages higher than the average, as compared to only 33% last year.

The average wage is a better barometer of relative wealth than minimum wage. The average wage is calculated yearly by the Department of Labor and Training. It is constantly changing in response to market forces. The minimum wage, on the other hand, is set by statute and changes only occasionally – usually only when the cost of living rises to a point where the political will exists to do so. To a potential employee, offering a salary that is twice the minimum wage may not be as attractive at a given point in time as one that is at or slightly above the private sector average. During this year’s project solicitation, that corresponded to \$28,080 and \$34,860 respectively.

Also under “Job Development,” we re-defined clusters to reflect the specific targets of the R.I. Economic Development Corporation. Not only did this align the CEDS with the RIEDC’s active promotion of these clusters, it helped us avoid any confusion among the applicants as to what constitutes a cluster. We formerly had similar groupings but with different names.

Selection Based on Project Narratives

It was observed in *EDA Public Works in Rhode Island, 1996-2000* that sufficient detail may have been lacking in CEDS applications to determine whether a project could fulfill its promise regarding jobs, wages and wealth generation, or even its potential for funding by the EDA. This was based on the low numbers of projects receiving funding every year, disappointing statistics revealed in the report regarding jobs and wages in the projects that did get funded, and an apparent lack of correlation between proposals that scored highest during the CEDS review and the EDA’s choices for funding.

To address these shortcomings, the report suggested the staff “explore changing the state’s scoring and screening method from a numeric, short answer format to one based upon narrative project descriptions as they relate to the criteria we select for project evaluation” (Statewide Planning Program, 2004b).

The application was so revised for this year's solicitation (see Attachment 5). The staff explained these changes during the CEDS Workshop held in April and took the attendees through an exercise where they scored two projects based solely on the information contained in the project narratives, as practice for their own submissions. All the applicants participating in the 2005 solicitation appeared to work well with the new format, organizing their information effectively and make their cases for funding clearly. This was reflected in some of the highest scores ever achieved in any project solicitation.

Increased Role for the CEDS Subcommittee in Selecting Projects

EDA Public Works in Rhode Island, 1996-2000 also recommended a qualitative change that was readily endorsed by the CEDS Committee: having the CEDS Subcommittee choose proposals for the Priority Project List from a slate of candidates determined by the CEDS staff through the customary scoring process. This would involve sharing the project narratives with the Subcommittee, and requiring their review before the priority list was determined and forwarded to the Technical Committee. The Subcommittee would be participating to a far greater degree than ever before in selecting the projects. The usual procedure up to that point was to present a list of projects to them with a brief synopsis and ask for their approval.

This change was initiated in this year's solicitation. The staff screened and scored the proposals; the median score was determined, and all projects that attained or exceeded that score became candidates for the list. Copies of the narratives explaining each of those projects were circulated among the members of the CEDS Subcommittee. The staff convened a meeting of the Subcommittee, the list of candidates was deliberated, and the provisional Priority Project List was chosen. The staff then presented the list to the Technical Committee with the endorsement of the Subcommittee and the assurance of a thorough review.

Impact on this Year's Solicitation

The staff has noted that fewer projects were submitted this year. It is unlikely that the revisions made to the selection process were responsible – for example, making the 50-job standard a threshold criterion. Where potential applicants indicated to the CEDS staff they would not be participating this year, EDA eligibility requirements, specifically regarding area unemployment and income, were most frequently cited as the reason.

However, the quality of the proposals this year was the highest yet. We achieved the highest median score, 130 points out of a possible 200, ever in a project solicitation. (Last year's median, for example, was 117.) One project scored 175 points, another record. We credit the requirement for more detailed project narratives keyed to the scoring criteria.

The credits for supporting clusters, partnerships, regionalism and private investment all worked well. The program scored “good” or “excellent” in all those categories, and considerably better under the partnership criterion than last year. The program also continues to be effectively selecting projects within the built environment, satisfying the general state policy of supporting “smart growth.” While the number of projects located in a brownfield or certified mill building has gone down from last year, all of them are sited in areas that are already developed rather than in greenfields.

The number of jobs anticipated is considerably higher than last year. This is primarily due to two projects, “Bold Point Harbor Redevelopment Area” and “Federated Lithographers Development and Preservation Project,” resubmissions that have completed design and engineering work that has widened their scope and enhanced job potential. The dramatic increase in jobs over last year cannot therefore be attributed to the new requirement for 50 jobs at a minimum, but it is worth noting that two projects from last year that would not have satisfied that requirement were not reworked and resubmitted.

The salutary effects of changing the review procedure at the Subcommittee level and measuring expected wages against the private sector average instead of the minimum have already been discussed. In sum, the changes instituted for this year’s solicitation have yielded encouraging results and will be retained should we have a CEDS project solicitation next year.

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Attachment 1:
CEDS COMMITTEE MEMBERSHIP AND REPRESENTATION
(August 2005)

<u>Member</u>	<u>Interest represented*</u>
STATE PLANNING COUNCIL	
Beverly Najarian (Chair) Director Department of Administration One Capitol Hill Providence, RI 02908	State government administration 1
Timothy M. Costa (Vice Chair) Office of the Governor State House, Room 128 Providence, RI 02903	Governor's office 1
John P. O'Brien (Secretary) Secretary, State Planning Council Department of Administration One Capitol Hill, 4 th Floor Providence, RI 02908	State planning agency 1,2
Susan Baxter Chair, Housing Resources Commission 44 Washington St. Providence, RI 02903	State housing policy 1,2
Daniel Beardsley Executive Director RI League of Cities and Towns One State St. Providence, RI 02908	Municipal government 1
Jeanne Boyle City Planner East Providence City Hall 145 Taunton Ave. East Providence, RI 02914	Local planning 1,2
James Capaldi Director RI Dept. of Transportation 2 Capitol Hill Providence, RI 02903	State transportation agency 1
Stephen Cardi Cardi Corporation 400 Lincoln Ave. Warwick, RI 02888	Construction industry 2

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Rosemary Booth Gallogly Budget Office 1 Capitol Hill Providence, RI 02908		State government finance 1
Lucy Garliauskas Federal Highway Administration 380 Westminster Mall Providence, RI 02903		Federal advisory member 1
Stephen P. Laffey Mayor Cranston City Hall 869 Park Ave. Cranston, RI 02910		Municipal government 1,2
Joseph Newsome President South Providence Development Corporation 17 Gordon Ave. Providence, RI 02905		Community organization 2,4,5
Mr. Michael Rauh Senior Vice President The Washington Trust Company 23 Broad St. Westerly, RI 02891	2,6	Environmental advocate
Mr. John Trevor Recycling Program Manager R.I. Resource Recovery Corporation 65 Shun Pike Johnston, RI 02919	1,6	Environmental advocate
William Sequino, Jr. Town Manager East Greenwich Town Hall 125 Main St./P.O. Box 111 East Greenwich, RI 02818		Municipal government 1,2
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Interest represented*

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State transportation agency
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Progreso Latino
626 Broad St.
Central Falls, RI 02863

Kristine Stuart
406 Stony Lane
North Kingstown, RI 02852

Michael Walker**
RI Economic Development Corporation
1 West Exchange St.
Providence, RI 02903

Interest represented*

Professional association
(APA)
2,6

Community organization
2,3,5

Environmental community
4,6

State economic development
2

* Interest represented: 1) Public leadership (state and local government); 2) Economic and business development organizations; 3) Employment and training sector; 4) Community organizations; 5) Women, minorities, aged and disabled; 6) Other.

** Invited member of the CEDS Subcommittee.

**Attachment 2:
STATE OF RHODE ISLAND
CEDS PRIORITY PROJECT LIST – FFY 2006**

<u>Applicant and Project</u>	<u>Cost, \$*</u>
Business Innovation Factory/R.I. Economic Development Corp. Rhode Island Wireless Innovation Network	1,000,000
East Providence, City of/R.I. Dept. of Transportation Bold Point Harbor Redevelopment Area	4,800,000
Pawtucket, City of/City of Central Falls Pawtucket/Central Falls Train Station	1,222,800
Pawtucket, City of/Pawtucket Armory Assn. Arts Exchange at Pawtucket Armory	7,500,000
Providence, City of/Greater Providence YMCA New Providence YMCA on Mashapaug Pond	13,500,000
Providence, City of/Providence Community Health Centers Federated Lithographers Development & Preservation Project	36,500,000
Quonset Development Corp./R.I. Economic Development Corp. Marine Bioscience Research and Business Park	300,000

* Cost reflects requested federal and non-federal share.

**Attachment 3:
EDA PRIORITY PROGRAM — FFY 2006**

PROPOSED PROJECTS Description/Applicant	STATE ECONOMIC DEV. OBJECTIVES/POLICIES	FUNDING SOURCE Amount/Total (\$)	START/ STOP DATE	AGENCY RESPONSIBLE	JOB ANTICIPATED*
RI Wireless Innovation Network Business Innovation Factory/RIEDC	A 1	EDA 250,000 RI Dept. of Adm. 100,000 Private <u>650,000</u> Total 1,000,000	Sep-2005 Mar-2006	Business Innovation Factory/RIEDC	124
Bold Point Harbor Redev. Area City of East Providence/RIDOT	A 1,2,5,8,9 B 1,2,4,5,6,9 C 2	EDA 2,400,000 RI Dept. of Trans. 2,000,000 Local 350,000 Private <u>50,000</u> Total 4,800,000	Spring-2007 2010	City of East Providence Dept. of Planning	4,722
Pawtucket/Central Falls Train Station City of Pawtucket/City of Central Falls	A 4,9 B 4.8	EDA 600,000 Local 300,000 Private <u>322,800</u> 1,222,800	Summer-2005 Fall-2005	City of Pawtucket/ City of Central Falls	311
Arts Exchange at Pawtucket Armory City of Pawtucket/Pawt. Armory Assn.	B 1,2,4,6,8 C 12	EDA 1,000,000 NPS 250,000 EPA 100,000 HUD-EDI 546,320 RIHPHC 100,000 RI Gen. Assembly 21,000 RI Dept. of Trans. 775,000 Local 600,000 Private <u>4,107,680</u> Total 7,500,000	Initiated 2005	City of Pawtucket Dept. of Planning & Re- dev./Pawtucket Armory Assn.	142
New Providence YMCA City of Providence/Greater Prov. YMCA	A 1,2,3,4,7 B 1,4,6 C 1,2,7,8,12	EDA 750,000 HUD 1,298,230 RIEDC 195,000 Local 3,500,000 Private <u>7,756,770</u> Total 13,500,000	Initiated Completion date N.S.	Greater Prov. YMCA	65

PROPOSED PROJECTS <u>Description/Applicant</u>	STATE ECONOMIC DEV. <u>OBJECTIVES/POLICIES</u>		FUNDING SOURCE <u>Amount/Total (\$)</u>		START/ STOP <u>DATE</u>	AGENCY <u>RESPONSIBLE</u>	JOBS <u>ANTICIPATED*</u>
Federated Lithographers Development and Preservation Project City of Providence/PCHC	A	1,6,7	EDA	1,500,000	Initiated Mar-2007	Prov. Community Health Centers	1,353
	B	2,16	Hist. tax credit (F)	2,600,000			
			RIEDC	150,000			
			State Energy Ofc.	100,000			
			Hist. tax credit (S)	3,900,000			
			Local	250,000			
			Private	<u>28,000,000</u>			
			Total	36,500,000			
Marine Bioscience Research and Business Park Quonset Development Corp./RIEDC	A	2	EDA	100,000	Initiated June-2006	Quonset Development Corp./RIEDC	95
			RIEDC	<u>200,000</u>			
			Total	300,000			
TOTAL JOBS ANTICIPATED FROM ALL PROJECTS:							6,812

* Includes multiplier effects
N.S. = Not supplied by applicant

Attachment 4: ECONOMIC DEVELOPMENT OBJECTIVES AND POLICIES

Objectives that can help achieve Rhode Island's ambitious development goal are found in the *Economic Development Policies and Plan*, an element of the State Guide Plan that succeeded the *Economic Development Strategy* when approved by the State Planning Council on April 13, 2000. As in the *Strategy*, the objectives of the *Policies and Plan* are meant to be both attainable and measurable. They address broad topics and provide a basis for organizing the policies that follow each objective.

Policies are discrete steps toward accomplishment of an objective, with each policy representing a single action. Each objective is the end or target of a series of such actions. Those objectives and policies are as follows:

- Objective A: Employment

Provide at least 34,200 new employment opportunities for Rhode Island residents, by the year 2020, achieving and maintaining full employment and reducing underemployment.

Policies to achieve Objective A:

1. Improve opportunities for productive employment with highest priority given to those economic development activities that have the potential to upgrade the skill and wage levels of the state's resident labor force. Target public economic development assistance of any type to those applicants that can increase the average wage rate in their industrial sectors.
2. Promote expansion and recruitment of industries that offer career opportunities for both our secondary and post-secondary school graduates.
3. Encourage and expand those social services, both in the public and private sector, that are necessary to facilitate the broadest labor force participation, including training, job placement, child care, health care, and transportation services.
4. Promote and develop the use of mass transit in order to eliminate spatial barriers to employment opportunities. Encourage development in densities high enough to facilitate the economical provision of mass transit.
5. Emphasize diversity of industry toward those sectors that demonstrate a steady employment pattern, avoid seasonal layoffs, and withstand cyclical downturns of the economy.

6. Expand educational and job-training opportunities that have as their primary objective providing the state's labor force with those marketable skills sought by employers that provide above average wage rates. Provide lifelong training and education opportunities that make the labor force competitive.

7. Eliminate barriers to employment based on race, gender, disability, sexual orientation, or ethnic origin through education and training as well as consistent enforcement of applicable laws.

8. Encourage communities to plan for and accommodate the socioeconomic impacts of industrial and commercial development, such as by providing a variety of housing options to meet the needs of the local labor force.

9. Encourage industry, particularly those that employ urban populations, to locate in urban areas and to take advantage of public and alternative transportation modes where feasible.

- Objective B: Facilities

Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the State Land Use Policies and Plan, the Industrial Land Use Plan, and other applicable elements of the State Guide Plan.

Policies to achieve Objective B:

1. Reclaim brownfields by environmental remediation and encourage use of the "built environment."

2. Conserve and enhance desirable existing industrial areas, office complexes, and concentrations of service activities to maximize the investment and utilization of existing infrastructure. New or expanded public sewer and water services and highways should be provided to industrial and commercial development only where such development is appropriate in terms of the natural constraints imposed by the land, air, and water in the immediate vicinity of such development, and where the area is being developed at an intensity that is consistent with state land use policy, and when such development will not promote wasteful use of resources. When possible, an industry's needs should be matched with the appropriate site in order to maximize the return on the infrastructure investment.

3. Ensure adequate investment to maintain and improve a balanced, intermodal transportation system that meets the needs of the state's commerce and labor force. Make the transit system and intermodal connections user-

friendly for all members of the riding public. Maintain shipping channels and recognize the economic potential of T. F. Green Airport and other state airports.

4. Encourage higher densities, mixed uses, careful design, transit and pedestrian-friendly land use and development patterns, and location near existing hubs and corridors to avoid “sprawl.” Maximize the use of alternative modes of transportation, such as bicycling, walking, and mass transit.

5. Relate industrial and commercial development to overall land use by promoting the use of development controls and performance standards that mitigate conflicts with other land uses and activities.

6. Encourage investment by the public and private sectors that will stabilize and improve housing and commerce in deteriorating urban areas.

7. Promote the control of land development along arterial highways in order to preserve their functional integrity, capacity, safety, and appearance.

8. Contribute to the stabilization and redevelopment of central business districts through the provision of supporting services such as transportation access, parking, utilities, and police and fire protection, as well as the adaptive reuse of historic buildings that contribute to the commercial and cultural economic base of these areas. Public subsidy enticements to industries other than traded industries should only be considered where they contribute to the stabilization and redevelopment of such areas. Viable economic reuses should be found for historic buildings that can contribute to the economy.

9. Designate sites in developing communities and in or near smaller urban centers in rural communities for industrial or commercial development as needed to meet state and municipal economic objectives. Select locations with natural characteristics favorable for economic development that have or can be supplied with the public facilities and services necessary to support the type of economic activity planned, and that are readily accessible to a labor force. These locations must also be consistent with the general development patterns set forth in the state land use policies and plan element and with all other applicable elements or provisions of the State Guide Plan. Sites selected, and the economic activities that use these sites, should be compatible with the scale, historic character, and other aspects of the surrounding community.

10. Locate industrial development causing other than domestic waste discharges in areas served either by public sewerage systems or by appropriately permitted and maintained private systems.

11. Support agricultural base to include turf, ornamentals, vineyards, forestry, field crops, dairy and livestock. Seek alternative niche markets to support smaller, more diverse farms. Promote the preservation of prime

farmland and provide the technical support to keep agriculture environmentally and economically sustainable.

12. Encourage development of sport and commercial fisheries both inshore and offshore up to levels of maximum sustainable yield by supporting the provision of appropriate infrastructure, research and training facilities, aquaculture, management activities, and enforcement of water quality standards. Reserve suitable port access areas for commercial fishing vessels.

13. Encourage new industrial development in the coastal zone that places a priority on the maximum efficient and appropriate utilization of existing marine infrastructure, such as the Port of Providence and Quonset Davisville.

14. Encourage areas used for commercial development to be selected and configured to make the most efficient use of scarce shoreline locations.

15. Promote tourism as a major industry, and encourage and support the use of the wide range of facilities that make up the industry's infrastructure.

16. Encourage the reuse of industrial land as industrial land to the maximum extent feasible.

17. Note areas most vulnerable to natural hazards and locate development away from these areas whenever possible. Provide appropriate mitigating measures wherever such hazards exist.

- Objective C: Climate

Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

Policies to achieve Objective C:

1. Promote the implementation of a growth development strategy giving priority to economic development programs directed at the promotion, maintenance, and expansion of existing firms.

2. Encourage and promote locally and regionally initiated economic development efforts as set forth in the economic development elements of local comprehensive plans.

3. Attract and give assistance to those types of industry that best capitalize on Rhode Island's strengths, and are potentially most beneficial to the state's employment, the needs of firms, resources, fiscal soundness, and related development goals.

4. Expand all markets, in state, national, and international, for the state's products and services, through improved communications and promotion.

5. Encourage reservation of prime industrial sites through protective regulation or acquisition, recognizing the importance of factors such as topography and soil characteristics, availability of water and sewer service, access to transportation facilities, proximity to water bodies, and availability of labor.

6. Maintain public infrastructure, both structural (physical) and non-structural (social). Provide additional infrastructure where it is clearly demonstrated as necessary and in a manner that will protect the long-term health of the state's natural and fiscal resources.

7. Recognize Rhode Island's quality of life as an asset that improves the state's "business climate." Protect and enhance the quality of life by promoting sustainable development.

8. Recognize cultural diversity and heritage as major assets to be protected and promoted.

9. Recognize Narragansett Bay as a major economic resource.

10. Encourage initiatives to ensure a competitive and fair tax environment for all Rhode Island residents and businesses.

11. Work with local government officials to study and better understand the relationship between land use and property tax.

12. Recognize education as an essential component of economic development.

13. Encourage and promote initiatives aimed at creating competitive utility rates.

14. Enhance the affordability and reliability of the state's energy supplies by pursuing energy conservation and supporting wider use of indigenous renewable energy resources where environmentally benign and economically feasible.

Attachment 5:
MINUTES OF CEDS COMMITTEE MEETINGS

(These are available for inspection during regular office hours at the Statewide Planning Program office. Contact Bruce Vild, (401) 222-6485.)

**Attachment 6:
2005
CEDS PROJECT APPLICATION FORMS**

(This is part of the new Project Application package, providing a cover sheet, budget page, and instructions for writing a detailed description of the project, the Project Narrative. It does not include other items in the Project Application package intended to help applicants organize the information they need to include in the Narrative. The scoring criteria used to rank applications and determine whether they are included in the Priority Project List are provided in this report as Attachment 7.)



2005 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) APPLICATION

APPLICANT: _____
TITLE OF PROJECT: _____

Form submitted by: _____ Date: _____
Organization: _____
Street Address: _____
City/Town/Zip: _____
Phone#: _____ Fax#: _____
Email Address: _____

2005 CEDS APPLICATION

Applicant: _____
 Title of Project: _____
 Location of Project: _____ Census Tract #: _____
 Contact Person: _____ Phone/E-mail: _____

Brief Description of Project: _____

Project Cost and Funding Sources (see Instructions):

<u>Federal</u>				\$
agency(s)	EDA			
amount(s)				
program#				
application submitted:	Yes__ No__	Yes__ No__	Yes__ No__	
<u>State</u>				\$
department(s)				
amount(s)				
application submitted:	Yes__ No__	Yes__ No__	Yes__ No__	
funds committed:	Yes__ No__	Yes__ No__	Yes__ No__	
<u>Local</u> (city or town)				\$
application submitted			Yes__ No__	
funds committed			Yes__ No__	
source:				
<u>Private</u>				\$
application process initiated			Yes__ No__	
funds committed			Yes__ No__	
source: _____				
TOTAL PROJECT COST				\$

2005 CEDS Project Narrative (see Instructions)

Prepare a *brief* Project Narrative (three pages maximum, please) that describes your project in terms of the following criteria.

Job Development: Describe the project's job potential for stimulating long-range (non-construction) jobs, multiplier effects, and wages at or above the statewide average. What industry and cluster are most likely to be supported by this project?

Workforce Development: Describe opportunities, if any, arising from your project for education and training of likely employees to improve skill levels and sustain career paths.

Partnering and Area of Influence: Indicate all partners in the project, including co-applicants, educational institutions and training agencies providing services such as workforce development. Will the project's impact reach beyond the city or town in which it is located?

Environmental Objectives: Does your project revitalize a former brownfield or satisfy any of the other environmental objectives listed in the *Summary of CEDS Priority System for Ranking Projects* under "Environmental Factors"? If yes, explain.

Planning Objectives: Relate your project to economic development and other planning being done at the state and local levels. In your discussion cite the specific goal, objective and/or policy of the State Guide Plan's *Economic Development Policies and Plan* that is implemented by your project. Also indicate any goal, objective and/or policy of the local Comprehensive Plan that is implemented by your project.

Investment Objectives: Explain how your project will use federal assistance to encourage and enhance non-federal investment in the city, town or region, particularly private sector investment, if applicable.

Targeting Distressed Communities: Is the project located in an Enterprise Zone and/or a low per-capita income community? Will the project directly benefit residents of Enterprise Zones and low per-capita income communities?

Project Status: What are the anticipated start and end dates of your project? Indicate whether all studies required for project implementation have been completed, and whether all state and federal permits (if necessary) have been granted. Have you contacted EDA about your project, and if so, what was the outcome of that discussion?

Attachment 7: SCORING FORMULA FOR CEDS PROJECT APPLICATION FORMS

A. Total System - Maximum Points 200. (Each Project Ranking Criterion is explained in detail beginning on page 3 with specific examples given to guide applicants.)

<u>1. Job Development</u>	<u>Points:</u>	35	maximum
a. EDA funds requested per job stimulated (including multiplier effects):			
1) \$1-\$2,500		10	
2) \$2,501-\$5,000		8	
3) \$5,001-\$7,500		6	
4) \$7,501-\$10,000		4	
5) \$10,001 or more		0	
b. Typical wages of <i>direct</i> jobs supported by the project equal:			
1) 100% state average private-sector wage or more		15	
2) 85-99% state average private-sector wage		10	
3) 70-84% state average private-sector wage		5	
4) Less than 70% state average private-sector wage		0	
c. Project provides jobs in one or more clusters		10	
If estimate of job stimulation is not backed up by a study or other documentation		<i>Deduct 5</i>	
<u>2. Workforce Development</u>	<u>Points:</u>	10	maximum
a. Project includes education and training of likely employees		5	
b. Applicant or industry served has connected or partnered with a provider of education or training services for likely employees, or documents an in-house program in the industry served providing education and training to employees		5	
<u>3. Partnering with Other Eligible Applicants</u>	<u>Points:</u>	15	maximum
Project is a partnership between two or more eligible applicants		15	
<u>4. Area of Influence</u>	<u>Points:</u>	5	maximum
a. Statewide or regional		5	
b. Local only		0	

<u>5. Environmental Factors</u>	<u>Points:</u>	35	maximum
a. Project results in rehabilitation of brownfield sites, reuse of certified mill buildings, and/or is located in a state designated growth center		15	
b. Project uses a technology or practice that reduces existing consumption of natural resources, air or water pollution, and/or waste streams in the production of a good or service		10	
c. Project contributes to meeting a specific environmental objective listed in an element of the State Guide Plan		5	
d. Project is located in a national or state historic district or on a property individually listed on the national or state historic register		5	
e. Project results in use and/or revitalization of existing built environment or existing infrastructure other than brownfields, certified mill buildings, properties in a national or state historic district, or properties individually listed on the national or state historic register		5	
<u>6. Commitment of Non-Federal Funds</u>	<u>Points:</u>	25	maximum
a. Non-federal funds committed or appropriated		10	
b. Non-federal funds committed from private investment		10	
c. Non-federal funds committed <i>exceed</i> fifty percent of project costs		5	
d. Non-federal funds not yet committed		0	
<u>7. Enterprise Zone</u>	<u>Points:</u>	35	maximum
a. Project is in a state-designated Enterprise Zone		15	
b. Applicant presents a plan to recruit Enterprise Zone residents for jobs resulting from the project		10	
c. Applicant presents a transportation plan to get Enterprise Zone residents to the project worksite		10	
<u>8. Per Capita Income</u>	<u>Points:</u>	10	maximum
a. Less than 50% the national average		10	
b. 51-60% the national average		8	
c. 61%-70% the national average		6	
d. 71%-80% the national average		4	
e. 81% the national average or more		0	

<u>9. Essential Project Studies, Permits, and EDA Contact</u>	<u>Points:</u>	30	maximum
a. All permits obtained, or confirmation obtained from regulatory agencies that no permits are required		15	
b. Essential project studies completed		10	
c. Applicant has applied for but not yet obtained all necessary permits		5	
d. Applicant has initiated essential project studies		5	
e. Applicant has contacted EDA and been invited to submit a concept paper or apply for a grant		5	
f. Applicant has not contacted EDA (new projects only), or was not invited to submit a concept paper or apply for a grant (re-submitted projects only)		0	
g. Applicant has not applied for permits		0	
h. Applicant has not initiated essential project studies		0	
If project will not be initiated within two years			<i>Deduct 5</i>

B. Explanation of Project Ranking Criteria

1. Job Development

The eventual number of jobs resulting from the implementation of a proposal is a prime consideration in priority selection. The figures are used to determine a cost per job. The applicant should base the cost per job *only* on the Economic Development Administration's share. *Do not base this on total project cost*, which would include the applicant's share and other non-federal contributions.

The jobs must be "long range" jobs, i.e., those that are expected once a facility or project begins operation; do *not* count construction jobs, which are only of a temporary nature.

In determining the number of jobs stimulated, direct, indirect, and induced employment should be considered. This is calculated by using the direct-effect employment multipliers listed in the table included in the application package, "Regional Multipliers." These are found in the *far right column* of the table. The industry providing direct jobs as a result of the project would be located in the left column, and the number of direct jobs anticipated is multiplied by the employment multiplier to get total employment – direct, indirect, and induced.

See the examples given in your *Instructions for Completing Your 2005 CEDS Application Form*.

There are other methods of calculating total jobs based on multipliers, such as by accounting for square feet occupied per worker in the industry being considered. However, to ensure that all applicants are using the same frame of reference, only multiplier effects calculated from the enclosed table will be accepted.

This year we will take into account quantity (the number of jobs), quality (how well the direct jobs pay) and if the jobs are part of one of our clusters defined below. The second part of the Job Development criterion takes into account the average wages in the industry directly supported by the project and how well they compare to the state *average private-sector* wage. Projects leading to direct jobs in a high-wage industry will be awarded the most points.

The state average annual private-sector wage is \$34,860. Please consult the table from the R.I. Department of Labor and Training, *Rhode Island Covered Employment and Wages 2003 – Statewide Employment by NAICS*, included with your application package, for average wage rates in the major industrial groups if the wage rates for your project have not yet been determined.

Estimates of job stimulation that are not documented in a study will be penalized by a deduction of five (5) points under this criterion. Projects not expected to be initiated within two years will also incur a five-point penalty.

We award additional points under this criterion to projects providing jobs in one or more recognized industry clusters. Each cluster represents a collaboration of firms and disciplines. These clusters, as identified by the R.I. Economic Development Corporation, are: health and life sciences, financial services, manufacturing and industrial products, hospitality, consumer goods, education, creative/advertising and media, communications and information technology, marine/environmental, and defense/homeland security.

2. Workforce Development

To underscore the importance of worker education and training in today's world – to assure that our industries remain competitive nationally and globally, and to provide workers with the opportunity to grow professionally and follow career paths leading to higher wages – this criterion will reward projects that include an education and training component for likely employees. Additional credit will be given where the commitment to education and training can be clearly demonstrated by an active program, whether through a provider of such services or in-house through the industry served.

3. Partnering with Other Eligible Applicants

This criterion awards points for partnering between or among eligible applicants, such as two or more municipalities, a municipality and a state agency, or a municipality and an academic institution. Partners must jointly submit a single CEDS application and list themselves as co-applicants. Each co-applicant will be “charged” one project against his or her project allocation.

4. Area of Influence

This criterion is weighted to favor project proposals having the broadest geographic significance for economic development, particularly (though not exclusively) job growth. This is designed to encourage regional and even statewide partnering among eligible applicants. Definitions of statewide vs. regional significance follow.

Definitions:

Statewide - having potential for a more geographically universal effect throughout the entire state and not predominantly affecting only one or a few contiguous municipalities.

Regional - involving more than one municipality and perhaps several contiguous municipalities, but not the entire state.

Regional projects can be co-sponsored by more than one applicant (e.g., municipalities, academic institutions or non-profit development corporations), or by a single applicant provided the project description demonstrates a *substantive* benefit to more than one municipality.

“Region” for the purposes of the CEDS is defined as an area *within the State of Rhode Island*, for example the Blackstone Valley, East Bay or South County, as opposed to “the New England region” or the “Northeast (U.S.) region.”

5. Environmental Factors

The rating method for this criterion rewards applicants whose projects make use of innovative technologies or management practices that use raw materials more efficiently, and that can reduce the consumption of energy, water, and other natural resources as well as air and water pollution. Examples may include (but are not limited to) alternative energy use; “closed loop” industrial parks; providing incentives to workers to use public transit to reduce air pollution; and the recycling of wastewater in the production process. Also under this criterion are those projects that are located in state designated growth centers, rehabilitate brownfield sites, or lead to the *non-residential* reuse of certified mill buildings and historic properties, whether individually listed on the national or state historic register or within national or historic districts.

Points are also awarded for revitalizing other existing industrial or commercial space and its associated infrastructure, and for addressing the environmental objectives of the State Guide Plan.

If credit is claimed under the brownfields, mill buildings or historic properties category, it cannot also be claimed under the “built environment” category. The “built environment” category is intended to reward projects that follow the same principle of preserving, reusing, and better utilizing existing buildings for industrial or commercial purposes instead of developing greenfield sites, though they may not be part of the brownfield or mill building reclamation programs or sited within an historic district.

If credit is sought for fulfilling an environmental objective in an element of the State Guide Plan, the specific element and objective/policy within the plan must be cited. Refer to the *State Guide Plan Overview* for a synopsis of the various elements of the State Guide Plan. The *Overview* is available for viewing or downloading at the Statewide Planning Program website, www.planning.ri.us.

6. Commitment of Non-Federal Funds

This criterion measures the financial commitment to the project, and is an indicator of the applicant's ability to initiate the project in a timely manner and the ability of the project to leverage additional investment. It will also award additional points to applicants able to commit an amount of non-federal funds *greater* than the required minimum for EDA grants, i.e., greater than fifty percent (50%) of total project costs. *All applications must indicate at least a 50% non-federal match even if those funds have not yet been firmly committed. Those that do not will be returned to the applicant.*

7. Enterprise Zones

In keeping with both federal and state policy to direct resources to areas designated as Enterprise Zones, this criterion gives points to those projects specifically located within an officially designated Rhode Island Enterprise Zone.

This criterion will also give credit for actively recruiting residents of Enterprise Zones regardless of where the project is located. Additional credit will be given applicants with a specific transportation plan for Enterprise Zone or Enterprise Community residents to enable them to commute easily to project sites.

8. Per Capita Income

Per capita income is a criterion the EDA uses for screening applications. For the CEDS, a range of five (5) per capita income levels is considered. These are based on the per capita income of the U.S. Census tract in which the project is located. Projects located in areas where the per capita income is 80% of the national average or less will gain points under this criterion. For this year's projects, be sure to use *2000 Census data* for your tract. The national average is \$22,199, and we will use this figure as the baseline when computing your score.

9. Essential Project Studies, Permits and EDA Contact

This criterion rewards applicants who have obtained the necessary environmental permits to initiate the project, or who have confirmed from the relevant regulatory agencies that no permits are necessary for the project. In addition, this criterion awards points to those projects with applications supported by essential studies, which are taken to mean planning, engineering, or any other studies prerequisite to implementation, excluding environmental assessments. Those projects progressing reasonably toward completion of these studies and obtaining of permits are also awarded points in this category.

Under an expansion of this criterion, we are also rewarding applicants who have initiated contact with representatives of the Economic Development Administration (EDA) and have interested them sufficiently to be invited to submit a “concept paper” (outline of the project), a pre-application or an application. Applicants will have to make such contact eventually, of course, because it is EDA (not Statewide Planning) that awards the grants. Awarding an additional five (5) points under this criterion is intended to help expedite this process and to improve the scores of projects with a high likelihood (though not necessarily a guarantee) of funding by EDA, aiding their selection for the Priority Project List.

Applicants who are resubmitting projects from last year that were placed on the previous Priority Project List must indicate that follow-up contact has been made with EDA (even if EDA eventually rejected their proposals) *or we will not consider the projects again*. This requirement is intended to encourage applicants to follow the process to the end, whether successful or not. Higher quality projects, developed with the input of EDA staffers, should result.

This system recognizes that any project having a negative environmental effect that cannot be reasonably mitigated will probably be eliminated from consideration under the State Guide Plan conformance threshold review, which is part of the CEDS process. Nevertheless, this threshold review does not constitute the in-depth regulatory review required for the granting of environmental permits.

Projects not expected to be initiated within two years will incur a five-point penalty.